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

Forty-sixth session of the FAFICS Council

Vienna, 17-20 July 2017

Glossary

ACABQ	Administrative Committee on Administrative and Budgetary Questions
ALM Committee	Assets and liabilities Monitoring Committee
ASHI	After-service health insurance
ASHIL	After-service health insurance and long-term care
CE	Certificate of entitlement
FB Network	Finance and Budget Network
HLCM	High-level Committee on Management
IMD	Investment Management Division
IPAS	Integrated pension administration system
MSS	Member self-service system
RSG	Representative of the Secretary General for the investment of the assets of the UNJSPF
SPC	Staff Pension Committees
UN	United Nations
UNJSPF	United Nations Joint Staff Pension Fund
UNON	United Nations Office at Nairobi
UNOV	United Nations Office at Vienna
USD	United States dollar

Report of the session

1. The forty-sixth session of the Council of the Federation of Associations of Former International Civil Servants (FAFICS) was held from 17 to 20 July 2017 at the United Nations Office at Vienna (UNOV).

2. The session opened on the morning of 18 July. Prior to that, the FAFICS Bureau had met in the afternoon of 16 July. The Standing Committee on Pension Issues had convened under the chairmanship of Gerhard Schramek in the morning of 17 July, while the Standing Committee on ASHIL Issues chaired by Georges Kutukdjian had met during the afternoon of the same day.

Opening session

3. The President, Linda Saputelli, formally declared the meeting open on 18 July at 10.15 a.m.

4. Council observed one minute's silence in remembrance 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.

5. Jerry Barton, President of ARICSA, the host association, welcomed the delegates to Vienna (see Appendix 1 for list of participants). He had not expected to be welcoming people back to Vienna so soon. He was conscious of a particular spirit prevailing among all those in the room: people with experience and commitment to the United Nations who cared and were willing to give something back. He was amazed by the skills and experience they had acquired over their many years of service. That would make for an informed debate. He was conscious of the cordial and serious interaction that had prevailed in the meetings of the Standing Committees the previous day, just as much as he enjoyed the cordial and not so serious interaction at the reception the same evening. It bode well for the rest of the week.

6. ARICSA was privileged to be host organisation once again. The fact that the venue of the Pension Board session had been shifted to Vienna for want of facilities in New York meant that ARICSA had not had to spend anything on airfares to and subsistence allowances for New York. He looked forward to a respectful and meaningful discussion over the days to come. In closing, he also provided details of the social events that had been organised during the Council session and explained certain technical and logistical arrangements.

7. Dennis Thatchaichawalit, Deputy Director-General for Management, United Nations Office at Vienna (UNOV), bade the participants welcome. He was most pleased that UNOV was hosting the meeting of the Federation. Its collective membership represented thousands of years of service to the United Nations. Many of them would recall the pioneer spirit and unbureaucratic mood that prevailed in the early days, Some of them had undoubtedly worked on

establishing procedures that guaranteed more oversight: procedures that still had a significant impact on the lives of people the common system served.

8. The United Nations continued to reform. For all the criticism and scrutiny it had to bear, it was duty bound to improve its methods of work. The world was currently facing problems that had been unimaginable in the founding years. There were no obvious solutions and quick fixes. The United Nations was currently having to address challenges collectively at a time when Member States were seeking greater economies and increased efficiency. In such a situation, retirees were often called upon to help. As the previous Secretary General had said retirees 'remained valued members of the United Nations family'. Ban Ki-Moon had paid a warm tribute to the retirees' active and committed participation in the United Nations (UN) community. The retirees' contribution to the deliberations of the Pension Board was a case in point. It was thus encouraging to note the Federation's ever-increasing membership. That increase strengthened the role of FAFICS as the sole recognised representative of the retirees and their beneficiaries.

9. Retirement was very much about moving forward and refusing to stand still. It was all about maintaining one's independence and retaining control of one's life. Financial security and good health were essential to maintaining that independence. It thus followed that the securement of pensions and maintenance of good after-service health insurance were of vital importance.

10. The constructive support of FAFICS was essential, when matters pertaining to pension payments, health insurance and the funding of liabilities were taken up at the Pension Board. They were issues that had a bearing on the quality of life of serving staff and retirees alike. The possibility of a unified health insurance scheme for the UN system as a whole was being closely watched in Vienna where a good health insurance scheme was already in place.

11. In concluding, he wished the participants every success in their deliberations. The retirees had all contributed to the UN common system of organisations in the course of their careers. Those following them were proud of what their precursors had achieved; they would continue to support the retirees wherever they could.

Agenda item 1: Adoption of the agenda

12. Council considered the provisional agenda (document Council 46/2017/D.1) as submitted, together with the provisional schedule of work. The agenda and the schedule of work were adopted. In the course of the discussions, however, it transpired that certain sub-items were better taken up under items other than originally listed and one sub-item was added. The agenda attached as Appendix 2 reflects those changes.

13. 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

14. Council elected Tedla Tedshome (AFICS-Addis Ababa) to preside over the session. Peter Lillie (ARICSA) was elected rapporteur.

Agenda item 3: Membership matters

15. The Secretary, Jay Sundaresan, and the Membership Coordinator, Adama Pierre Traoré, introduced the agenda item and announced that the Federation would have the pleasure of welcoming a new full member, ASAFI-Senegal. The association had existed for some time, but before joining the Federation it proved necessary to introduce certain changes to the association's statutes and have them approved by its general assembly. Abdou Khadre Diakhate thanked Adama Pierre Traoré for his unstinting assistance throughout the application process. He and his association were very happy that their endeavours had been crowned with success. The association would not only focus on the needs of the retirees in the country, but it would also establish links with the Minister of Foreign Affairs and possibly the President of Senegal at a later juncture. He was most pleased to have joined the FAFICS family.

16. **Council approved the admission of ASAFI-Senegal as the 60th full member and welcomed the association with a round of applause.**

17. Linda Saputelli and Jay Sundaresan, aided by the Membership Coordinator, Adama Pierre Traoré, had also played a key role in preparing the entry of AFICS-Panama into the ranks of FAFICS. Juan Antonio Casas-Zamora explained that in United Nations terms, Panama was a sizeable regional hub and host to a large number of UN common system staff. Akin to the situation in Austria, a growing number of retirees were electing to stay in the country on retirement. Indeed, the association's membership was expected to grow to 60 in the course of the coming twelve months. Although registration of non-governmental organisations (NGOs) had become more difficult in the wake of the 'Panama Papers', the United Nations Development Programme (UNDP) had offered to intercede with the local authorities and so speed up the requisite registration process. One of the things that the association hoped to introduce was an annual pre-retirement seminar similar to those he had experienced while serving in Vienna.

18. In the opinion of the Presiding Officer, AFICS-Panama was to all intents and purposes already on board. He thus suggested that Council might wish to admit the association with immediate effect.

19. **Council approved the admission of** AFICS-Panama **as the 61st full member and welcomed the association with a round of applause.**

20. It was reported that in all probability the newly founded association in Portugal would join in 2018. The association wanted to discuss the matter at its general assembly scheduled for early in the coming year. It was hoped that the discussion would lead to a positive outcome. It was further reported that in the Cote D'Ivoire a new association had been created on 8 June 2017; it was

currently awaiting government clearance of its legal establishment. Mary Johnson urged the Federation to make another attempt to secure the admission of the Fiji Isles; the association merely needed a nudge and its application required updating. Jay Sundaresan and Adama Pierre Traoré, the Membership Coordinator, were continuing their efforts to set up associations in Afghanistan, Algeria, Chad, Morocco, Slovakia and Tunisia.

21. **Agenda item 4: Report of the President**

22. The President gave an oral presentation of her report (document Council 46/2017/D.4) (see Appendix 4).

23. 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 the second year running. She welcomed the new members to the FAFICS fold and expounded on the endeavours she had undertaken in Portugal to secure the admission of the local association.

24. She was particularly pleased to see so many new faces at the Council session. She also paid tribute to Oscar Larghi, the former President of AFICS-Argentina and Vice-President of FAFICS, who had died earlier in the year. He would be sorely missed.

25. The key issues facing the Federation, pensions and after-service health insurance (ASHI), were extensively covered in the agenda for the current session. Moreover, she and Warren Sach had had extensive meetings with the Secretary/CEO of the Pension Fund and the Chair of the Pension Board. They had kept abreast of developments, inter alia, by attending the various Town Hall meetings convened by the staff associations and federations. They had also met with the Secretary General's Chef de Cabinet to introduce FAFICS and express concern over the lack of a better focused investment policy which had given rise to concern among retirees.

26. She also elaborated on the work of the FAFICS representatives in the working group on ASHI established by the High Level Committee on Management (HLCM) and the Finance and Budget (FB) Network.

27. Despite having been told that her address on ASHI to the Fifth Committee in her capacity as President of FAFICS the previous year had been an exception and could not be used to establish a precedent for the future, the FAFICS President had addressed the Fifth Committee for a second time in 2017. It was to be hoped that FAFICS would be able to address the Fifth Committee whenever it took up the issue of ASHI: something that was unlikely to come up in the course of the current year. As retirees were the sole beneficiaries of ASHI, it was incumbent on the Federation to act in the interests of its members and combat the erosion of health insurance benefits for retirees.

28. The President also drew attention to the need to respect the guidelines set down for proposing items for discussion at Council sessions and the submission of supporting substantive documents. She went on to stress the importance of communication and exercising restraint as evidenced by the shift in the dynamic among certain staff representatives from civil, even if contentious, dialogue to invective and attacks *ad hominem* that were a misrepresentation of facts. Members were urged to familiarise themselves with the various letters and petitions. In two open letters, the Chair of the Pension Board had spoken of 'a relentless, false and misguided attack on the Pension Fund and its leadership'. He went on to dismiss an unwarranted open letter by two self-appointed beneficiaries as being 'littered with innuendo, inaccuracies and lies.' In the second letter, he accused four new participants' representatives to the Pension Board of disseminating inaccurate information before the Board had begun its session and reminded them of their fiduciary duties.

29. The Federation was intent on maintaining a cordial and collaborative relationship with the Fund secretariat. It did not mean, however, that the Federation ignored such shortcomings as the delay in initial pension payments or the lack of timely responses to e-mails, phone calls and enquiries. While recognising the improvements over the past few months, FAFICS was convinced of the need to improve client services. The Federation's call for improvements had been matched by its call for adequate resources to be allocated to the Fund secretariat so that it could carry out the essential tasks.

30. Whereas it might appear that the critics of the Fund secretariat and its management were the better communicators, it had been the conscious policy of FAFICS to ignore criticisms that were based on a leaked incomplete draft of a report of the Office for Internal Oversight Services that had since been updated. The Federation was convinced of the need to await the outcome of discussions in the Board, whose members would have the full report before them.

31. It was the Federation’s policy to advise its members to ignore the statements made by individuals who had no official standing. If there were substance to their allegations, FAFICS would be the first to acknowledge the fact and advise its membership accordingly. FAFICS thus encouraged member associations to share with their constituents the reports that the Federation disseminated on the issue. The breadth of issues treated in the nineteen reports disseminated in the previous year bore testimony to the Federation's commitment to keeping its members abreast of developments. Indeed, FAFICS would persevere and endeavour to establish a more regular news link with its member associations.

32. **Council took note of the President’s report and thanked the author for the comprehensive details that she had provided in her oral report that was subsequently distributed as document Council46/2017/D.4).**

Agenda item 5: Pension issues

(a) Report of the Standing Committee

33. The Chair of the Standing Committee introduced the report (document Council46/2017/D.5a). He thanked the rapporteur for having compiled the report and the Council participants for having contributed so positively to the discussions.

34. Council considered the report and the individual recommendations which reflected the discussion held in the Standing Committee the previous day. A few, very minor, amendments were incorporated in the report and the Chair was commended on the efficiency with which he had conducted the meeting and the rapporteur on the excellence of the report.

35. **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 (see Appendix 5).**

(b) FAFICS positions at the Pension Board

36. Initially included as a sub-item under agenda item 6, the positions that the FAFICS representatives to the Pension Board might adopt in the course of the Pension Board deliberations were shifted to agenda item 5 on pension issues. Council discussed possible positions in the light of the deliberations in the Standing Committee on Pension Issues and the discussions with both the Secretary/CEO of the Fund and the RSG for Investments.

37. **At the end of that discussion, Council adopted the positions below as guidance for the FAFICS representatives to the Pension Board:**

Investments of the Fund

- **The realities of underperformance would have to be raised during the deliberations of the Pension Board, as would the problems associated with the persistent vacancies in both the (IMD) and the Pension Fund Secretariat.**

Assets and liabilities

- **The Federation should support fully the recommendations and findings of Deloitte Advisory. It should counter any attempts to dilute those findings and any changes made would have to be fully justified on their technical merits.**

Emergency Fund

- **The Federation should strongly reaffirm the need for greater involvement on the part of the Federation and its member associations in the promotion of the Emergency Fund and the modernisation of its operations. Many of**

the proposals brought forward in the course of the discussion had been made on previous occasions, but that did not invalidate their pertinence in the present setting. A study should be undertaken identifying the various shortcomings and bottlenecks, the all-essential changes to the criteria governing the allocation of funds, as well as ways and means of accelerating the process as a whole. In proposing such a study, the Federation would wish to collaborate with the Fund secretariat on any study undertaken and should stress the experience available among the members of the Federation who had long been managing charity operations of comparable complexity

Representation of retirees on Staff Pension Committees (SPCs)

- **The Federation should argue that for reasons of good governance, transparency and accountability, the fully inclusive representation of all parties on the SPCs was essential.**

Ageing

- **The Federation should argue that given the increasing longevity of retirees and the impact of problems associated with ageing on the work of the Fund secretariat, the need for improvement in and expansion of client services directed towards the special needs of elder persons should be supported and appropriate budgetary resources provided. As a rider thereto, current tools such as the website and booklets should be tailored to the needs of an ever-increasing number of elderly clients, with due consideration being given to providing user-friendly information in all UN working languages.**

(c) Situation of the former participants in the United Nations Joint Staff Pension Fund (UNJSPF) in the former USSR, Ukrainian SSR and Byelorussian SSR

38. In the absence of a document pertaining to the agenda item, Robert Gumen (AFICS-Moscow) summarised the history of the plight facing the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR that extended back to the days of Stalin. Whereas the latter had been in favour of Soviet staff members enjoying the same status and salaries as all other staff members in the United Nations at the time, the Foreign Office had persistently argued that United Nations salaries exceeded those of the Soviet Foreign Service and could thus not be condoned. That attitude prevailed when the three transfer agreements between the Pension Fund and the governments of the former USSR, Ukrainian SSR and Byelorussian SSR entered into effect on 1 January 1981. They were suspended in early 1992 following the dissolution of the former USSR in December 1991.

39. Robert Gumen was of the opinion that things had since changed. Dmitry Medvedev, the current Prime Minister, had increased national pensions somewhat. It would thus appear that the time was ripe for taking up the issue

once again and an agreement could be reached with the Russian Government and the United Nations Joint Staff Pension Fund. To that end, a special working group might be set up comprising representatives of the parties involved, including representatives of FAFICS, the Pension Fund secretariat and AFICS-Moscow.

40. He suggested that an appropriately worded letter signed by the President of FAFICS could be sent to the appropriate Russian Ministry to set things in motion.

41. In the ensuing discussion, numerous delegations expressed their unequivocal support for the latest initiative: a positive step in what had been a very long process. Quiet diplomacy was deemed the most apposite approach. It served little purpose to upset either the members of the Pension Board or the Government counterparts in Russia as had been the case with the tone adopted in a recent letter.

42. Another indicator of the shift in mood was to be seen in the Russian Government's recent conclusion of a social security agreement with Israel. It provided for the payment of Russian pension entitlements to those Russian nationals who had emigrated to Israel as far back as the seventies.

43. **It was agreed that the Federation would be kept informed of any developments, it being understood that the strategy might well change after further consultations. In any event, it was demonstrable evidence of the fact that hope sprang eternal.**

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

(a) Presentation by the CEO/Secretary of the Fund

44. Council met with Sergio Arvizú, the Secretary/CEO of the Fund, Paul Dooley, Deputy CEO of the Fund, Alan Blythe, Head, Geneva Office, Maria-Clarissa O'Donnell, Chief of Operations, Karl-Ludwig Soll, Chief Financial Officer, Dulcie Mapondera, Chief Legal Officer, Dino Dell'Accio, Chief Information Officer, Lee Woodyear, Senior Communications Officer, and Katrin Toomel, Policy Analysis Officer.

45. Sergio Arvizú gave a comprehensive overview of the Fund and its main activities. He gave an overall assessment of the situation prevailing in the 'aughts' (first decade of the current century) when doubts were being raised about the long-term viability of the Fund. At the time, the processes, systems and hardware in use were highly fragmented, with no fewer than 42 internal interfaces and multiple 'silo' databases. The secretariat had been losing institutional knowledge, while both the hardware and software were increasingly obsolescent.

46. Key components of governance were lacking, in particular, risk management policies, establishing actuarial safety margins and enhancing financial control. The resources available to the Fund were limited and it seemed to some that the

Fund was operating on a shoestring budget. The independent risk assessment in 2005 identified understaffing as the main risk to the Fund.

47. At the same time, the Fund had to serve a population of more than 200,000 participants and beneficiaries, while the embedded calculations were becoming increasingly complex. The retirees were getting increasingly older, the number of those over the age of 90 had increased six fold since 2000, and the Fund was currently serving clients in more than 190 countries. The demand for client services and increased efficiency had grown exponentially, matched by a significant increase in operational volume and numerous requests for better communications. Against that backdrop, resources had not increased at the same pace.

48. For its part, the Fund could point to its success in reversing negative trends related to the historical differences between required and actual contribution rates: a significant improvement. The most important variable in ensuring solvency was the return on investment. If the Fund did not achieve its long-term investment return target of 3.5 per cent (real rate of return) and were underperformance to be merely 1 per cent below that target, the Fund would no longer be solvent over the long term. In such an event, given the volume of assets relative to benefit contributions, should investment returns drop significantly, it would be very difficult to regain solvency by increasing contributions.

49. In the most recent period, emphasis had been placed on transitioning from a fragmented, risky and obsolete approach to an integrated, flexible, increasingly secure and capacious system that ensured the sustainable delivery of benefits and services. The design, specification, construction and implementation of the Integrated Pension Administration System (IPAS) was the most important operation that the Fund had performed to date. It was arguably one of the most complex pension payroll and entitlement migrations ever. It was key to securing the future of the Fund.

50. By 2017, the population served by the Fund had grown to 203,000: 128,000 participants and 75,000 retirees and beneficiaries. The number of retirees/beneficiaries had increased by 469 per cent since 1988 and the number of active participants by 261 per cent over the same period. The participant:retiree ratio had dropped from 3.12 to 1.70 over that period. The Fund was clearly maturing.

51. Processing rates were palpably increasing. At present 80 per cent of all actionable cases were processed within the same month and the median processing time in June 2017 had been only eight days.

52. The delays in initial pension payments that 'new' retirees had experienced in the period immediately following the introduction of IPAS were regrettable. The process was such that the employer organisations were responsible for

overseeing and validating a staff member's separation. They were responsible for processing final payments and preparing the separation documents for submission to the Fund.

53. On receipt of the original documents from the employer organisations, the Fund secretariat had to check that the separation documentation was complete, including the payment instructions and election of benefits. Only on receipt of a complete dossier could the Fund start processing entitlements. Those dossiers were known as 'actionable cases'. If documents were missing, the incomplete dossiers were known as 'non-actionable cases'. Furthermore, if a staff member had opted for deferment of a benefit until the normal age of retirement or decided to defer the choice of benefit or the payment of a withdrawal settlement, such instances were known as 'not-yet-actionable cases'.

54. The Secretary/CEO of the Fund presented tables showing statistics for the organisations/agencies which tended to submit incomplete dossiers, and the time-period during which 'non-actionable cases' lay fallow for want of complete documentation. In large pension funds outside the UN, complete information/documentation was sent on the day the employee left the organisation. In the UN, it seemed that the larger the organisation, the slower the reaction. Medium- and small-sized organisations tended to send the information either weekly or monthly depending on when they ran their interfaces, although far lengthier delays also occurred. That notwithstanding, a third of all cases reached the Fund secretariat after delays of more than 120 days.

55. Attempts had been made to modernise the self-service system for members and make it more user-friendly. In its current form, the member self-service system (MSS) provided real-time information on members' accounts, annual statements, and receipt of certificates of entitlement (CEs). It even allowed clients on the dollar track (single track) to download and print their CEs and mail them to the Fund.

56. A practical demonstration was given of the type of information accessible via Dashboard. It was expected that ultimately the UNJSPF website would become the main client service tool. The need for better global outreach was underscored by the fact that the ratio of Fund secretariat staff to members was less than 1:1000 and not even one staff member per country.

57. Sergio Arvizú also described the missions the Fund had undertaken over the past eighteen months and those to be undertaken in the course of the remaining months of the current year. He highlighted the appointment of a UNJSPF liaison officer to the United Nations Office at Nairobi (UNON) in April 2017. He also pointed out that the Fund had received the J.P. Morgan Elite Quality Recognition Award two years running and had received International Standards Organization certification in respect of its information security and systems service management.

58. The Secretary/CEO of the Fund described the main items on the Pension Board's agenda in the week ahead. Of prime importance was the draft budget and the provision of resources that the Fund secretariat urgently needed. The Board would also take up the assumptions for the actuarial valuation, investment performance and the end-to-end review. It would also consider governance issues such as the report of the Assets and Liabilities Monitoring (ALM) Committee and the representation of retirees on SPCs, as well as the auditors' reports.

59. The overall thrust of the budget proposal was to transform the Fund into a responsive, agile and service-oriented organisation. To that end, the key factors were improved client services, resource flexibility to adapt to surges in the volume of work and unexpected events, continuation and expansion of successful pilot initiatives and taking advantage of new technologies to streamline processes still further.

60. Given the fact that the Fund was in a good solvency position, had repaired the vulnerabilities of the earlier system and strengthened its governance processes, it was in a good position to fulfil the pension promise despite all the risks and challenges. That notwithstanding, the Fund needed funds to meet the growing and varied demands, particular those emanating from an ageing population. Its most important solvency objective was to meet the target of 3.5 per cent real investment return over the long term.

61. The Fund secretariat had the vision, a strategic plan, clear priorities and blueprints for a set of well-coordinated initiatives to address the challenges that lay ahead. The Fund's management and staff had the expertise and experience, as well as the commitment, required to enter into the second stage of modernizing and strengthening the Fund.

62. The questions raised in the ensuing discussion related to: communications and the delays in payment of initial pension benefits to 'new' retirees; the situation peculiar to surviving spouses; CEs; and other features.

Communications and the delay in pension payments

63. It was suggested that the commotion surrounding the delays in pension payments could have been reduced, had the Fund secretariat adopted from the very outset a more pro-active stance and communicated more effectively with those whose entry into retirement had coincided with the introduction of IPAS. For example, the dashboard in MSS could have been used to provide updates on the status of individual retirees' cases.

64. The initiation of pension payments, the Fund Secretary/CEO emphasised, hinged on the submission of complete documentation to the Pension Fund. As he had explained in his presentation, the organisations and agencies were alerted each

month to the 'non-actionable cases' that they had submitted to the Fund secretariat. Until the organisations and agencies concerned had reviewed their submissions and re-submitted them with all the gaps filled, those cases remained with the organisations and agencies. However, once the Fund secretariat had received a complete set of documents that met the requirements for a case to qualify as actionable, the turn-around time could be as short as a week. The only cases that remained with the Fund were the 'non-yet-actionable cases' that staff had expressly wished to defer.

65. If, as indicated in the end-to end review, the responsibility for the delays suffered to date lay with the organisations and if processing could only start once the Fund secretariat had received all separation documents, including payment instructions and election of benefit, it was essential to find a solution. For that reason, it would make sense to issue precise instructions to all organisations reminding them of the documentary requirements that had to be met in order to bring the system fully up to speed.

66. Delays were also attributable to the lack of resources in the Fund secretariat. The CEO/Secretary of the Fund explained that at present, client services in the Fund secretariat comprised 19 staff members, whose tasks also included registry functions. They had to deal with the enquiries emanating from more than 200,000 participants and retirees. The eleven additional posts that the Fund secretariat had included in its budget proposal for the upcoming biennium were a modest demand given the complexity of the legal and financial rules that had to be scrupulously observed.

67. Several delegations pointed out that delays in payment were not restricted to the payment of pension benefits. A number of payments under the Emergency Fund related to the floods in Chennai, India, in December 2015 were still outstanding, while the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR had suffered the longest delay of all. At its current session, the FAFICS Council had discussed a new approach to resolving the latter issue.

68. The Secretary/CEO of the Fund reaffirmed the need to optimise the entire process with the organisations and agencies. The overriding priority was to ensure the smooth operation of the pension payroll and streamline the end-to-end process extending from separation through receipt of documents to payment of benefits. The same held true for the processing of cases related to disability benefits and surviving spouses.

Surviving spouses

69. It was recognised that the delays in payments to surviving spouses was an especially difficult challenge. The reasons were manifold. As had been noted at the previous Council session, separation from service was predictable; death was not. At times of great personal distress, surviving spouses found themselves being asked to provide marriage certificates and other documents to prove that

they had still been married to their late spouses. Furthermore, the cases involving surviving spouses did not involve the deceased retirees' former organisations or agencies. Another constraint was that the documentation to be completed was exclusively in English, of which many surviving spouses - even in developed countries - had no or limited knowledge. Another constraint was that the surviving spouses often had no access to the Internet, while in some countries some of the official documents required were not available.

70. For all the benefits that MSS might offer, the degree of self-sufficiency that it demanded of the user often proved an insurmountable obstacle for the elderly. Moreover, their fragility and distress were often heightened by the Fund secretariat failing to acknowledge receipt of documents and applications. More than any other client group, surviving spouses needed the reassurance that their concerns were being addressed. The plight of the surviving spouses called for the establishment of an identifiable focal point within the Fund secretariat.

71. Retiree associations did their best to intervene where possible; however, the Fund secretariat could improve matters by sending computer-generated acknowledgements of receipt with an indication of the period within which action would be taken.

72. One solution was to have the dashboard on the Pension Fund website include a table listing all the documents that surviving spouses were required to submit.

73. Pilot schemes, such as the introduction of dashboards, the establishment of a call centre in New York and the posting of a UNJSPF officer to UNON were commendable steps, which, it was hoped, would help solve the problems that surviving spouses faced.

74. Surviving spouses required not so much digital assistance, as they did physical help. In the absence of an identifiable focal point in the Fund secretariat, retiree associations found themselves drawing on the good relations they maintained with the Fund secretariat and the rapport they enjoyed with individual staff members there. Retiree associations also helped surviving spouses to complete the paperwork. They also encouraged retirees to prepare a folder with all the necessary certificates while still alive, so as to make things easier for their spouses later.

75. In his reply, Sergio Arvizú expressed his concern over the problems that surviving spouses faced. He thus warmly welcomed the suggestion of setting up a dashboard specific to their requirements. He went on to announce that an identifiable focal point had been established. Maria-Clarissa O'Donnell, Chief of Operations, and her staff would take up the cases relating to surviving spouses. He also mentioned the special e-mail address for reporting deaths of beneficiaries to the UNJSPF: 'deceased@unjspf.org'.

Certificates of entitlement (CEs)

76. For all the benefits it offered, MSS fell short in respect of CEs. Those retirees in receipt of a pension benefit on the dual track system were unable to print out and complete the form. In the same context, MSS also pointed up the difficulties faced by those left behind in the age of information technology and who had fallen out of the communications loop. CEs often went astray, families and carers were unaware of the importance of completing the form and failure to do so ineluctably led to the benefit being suspended.

77. The Fund secretariat often approached retiree associations and sought their help in locating retirees who had not returned their CEs. The associations willingly undertook that task, but matters were complicated by the fact that they were provided with very slim data on which to base their search. It would be far simpler, were the Fund secretariat to provide, if possible, full addresses, phone numbers and the name of the retiree's former organisation.

Other features

78. The Fund's outreach strategy had long been a concern of the retirees. It was thus good to hear of the pilot project involving the appointment of a liaison officer to UNON. It was to be hoped that it could be emulated elsewhere, provided the perennial problems of understaffing and lack of budgetary resources could ultimately be overcome.

79. Retiree associations thanked the Fund for having sent an expert to the pre-retirement and in-retirement seminars that they had organised. In addition to playing a central role in alerting potential retirees to the documentary requirements and the various processes, those visits also helped to boost membership figures. It was hoped that they could be extended to other locations.

80. In Japan, the retiree association had arranged for a Japanese staff member of the Fund secretariat on home leave in Japan to brief prospective and current retirees at a retirement seminar.

81. Associations welcomed the prospects of the Fund secretariat developing smartphone applications that were enjoying increasing currency in numerous countries.

82. Associations voiced their appreciation for the stalwart work of the communications officer. As he had announced at the previous Council session, Lee Woodyear was intent on helping the Fund establish its own narrative. He also hoped it would be possible to strengthen the links with the retirees associations and train people to avail themselves of the benefits offered by IPAS and accessing the MSS. He took advantage of the final stages of the discussion to introduce a whiteboard animation[1] of the procedures related to the CEs that

[1] Whiteboard animation is a process whereby a creative story and storyboard with pictures is drawn on a white board to communicate messages. Its simplicity is such that it can be used to explain even the weightiest topics.

were currently posted in English and French on the UNJSPF website. Plans were also being made to have Spanish versions of the whiteboards. The whiteboards were also posted on YouTube, to which some people found access simpler.[2]

83. In thanking the retirees for their questions and commitment, Sergio Arvizú confirmed that plans were afoot to emulate the Japanese pre-retirement-briefing model. It was a question of ensuring that the staff member involved had the presentation skills and proven knowledge needed for the task. It was also the intention of the Fund to visit sites with large beneficiary populations and adjacent sites and brief them on Fund-related matters.

(b) Presentation by the Representative of the Secretary-General (RSG) for the investment of the assets of the UNJSPF

84. The session with the Secretary/CEO of the Fund was followed by a session with Carol Boykin, the RSG. She was accompanied by Herman Bril, Director of the Investment Management Division (IMD).

85. Before launching into her presentation on the status of the Fund’s investment, the RSG reported that of the new posts approved in the previous biennial budget, she had almost completed filling the senior-most posts.

86. She spoke of market volatility continuing to be high on account of Central Bank announcements and political events such as the outcome of elections. The overall impact of that volatility on the Fund had been dampened by the Fund’s broad diversification across markets and asset classes. The Fund remained focused on the long term and was well positioned relative to its objectives. As of 14 July 2017, the market value of the Fund's assets stood at USD 59.966 billion, with a preliminary year-to-date nominal return of 10.29 per cent.

87. The Fund had reached its targets in all asset classes, global equities stood at close to 63 per cent, real assets at 6.8 per cent and alternative assets at 3 per cent. The tactical or near-term asset allocations were comparatively close to the strategic or long-term asset allocation targets. The closer the Fund got to the near-term maximum allocation targets under global equities, the sooner it would rebalance, selling equities and purchasing bonds.

88. Over the long-term the fund was accumulating wealth; in the short term it faced volatility. It remained fully committed to meeting the target of 3.5 per cent real investment return over the long term.

89. The Fund was arguably the most complex pension plan in the world. Over the long term, the impact of shifts on currency rates was minimal. In the short term, however, the situation was different - all the more so in an investment environment with so many non-dollar currencies. The Fund was conservatively managed and it held no stocks in armaments and tobacco.

[2] See https://www.youtube.com/channel/UClYus21XTS2fV-wnDjOnbaQ

90. The questions raised in the ensuing discussion related to: the impact of a lower real rate of return on investments and the adequacy of funds for pension payments; the duration of the current positive market trend; the class of assets that yielded the highest income; investments in renewable energy; possible currency losses; and the role of Northern Trust.

91. In their replies, the RSG in tandem with Herman Bril stated that with the attainment of the target of 3.5 per cent real investment return over the long term, costs should be covered and the principal would not have to be touched until 2067. The net negative cash flow each year was a modest USD 200 million. Expenditures and contributions could be said to balance each other out.

92. The real rate of return of 3.5 per cent was still seen to be a realistic target, although at some stage the inflation assumption that currently stood at 2.0 per cent might have to be increased to 2.5 per cent

93. As for currency losses, funds were currently diversified across 120 countries in all asset classes, some 50 per cent of which were in USD, but not all in the same country. Cash deposits were globally diverse. Volatility was said to apply to all aspects of the Fund's activities; however, the global diversity of those activities dampened the degree of volatility.

94. In the most recent assets and liabilities study, the liabilities were all denominated in USD, thus making it difficult to identify liabilities in all countries and currencies. Over the past three years, currency headwinds had been negative; in the current year, however, they were positive. At a later stage in the discussion it was stated that the Fund had invested some 45 per cent in non-USD currencies, whereby Japanese Yen, Euros and Pound Sterling accounted for 85 per cent thereof.

95. Similarly, the Fund's cash deposits were globally diverse - with a distinction being drawn between operational cash (for payment of benefits) and investment cash.

96. Global equities (which included public equity, minimum volatility equity and green equity strategies) together with real assets (which included real estate, infrastructure and timberland) and alternative investments (which included private equity and a modest allocation of real return funds) were the asset class yielding the highest income.

97. It was confirmed that the Fund did not invest in companies that derived revenue from the production of tobacco. The same held true for companies that derived revenue from the production of military weapons, weapon systems and weapons of mass destruction. In both instances, such investments were neither consistent nor compatible with UN principles. However, had such investments been permissible, they would admittedly have simplified the task of attaining the target of 3.5 per cent real investment return over the long term. At the same time, the Fund heeded both the sustainable development goals (SDGs) and the environmental, social and governance criteria (ESGs) that were closely aligned.

Pension funds around the world were rated in terms of their incorporating both ESGs and SDGs in their investment policy. The UNJSPF enjoyed good ratings.

98. Investment in renewables, particularly investments in renewables in developing countries, was a prominent feature of the Fund's asset allocations as reflected in its ESG ratings it received.

99. The RSG explained that pension funds such as the UNJSPF enjoyed tax exemption, although some countries did not always respect such immunities and levied taxes. Reclaiming those taxes was often a problematic process that was best overcome by drawing on the expertise available in major international accounting firms.

100. The role of Northern Trust was that of a fully independent master record keeper responsible for all reporting and record-keeping functions related to the Fund's assets. Its role was distinct from that of a global custodian who acted as the guardian or treasurer of the Fund's assets.

101. It was stressed that the Fund applied very stringent risk management rules for bank-related investments. It also performed stress tests and conducted impact analyses and considered 'what-if scenarios'. The Fund had a very low appetite for the risk of losing its long-term sustainability and not being able to meet its long-term financial commitments. The ultimate investment goal was to earn the highest possible investment returns consistent with the Fund's risk appetite.

102. In closing, the RSG reiterated that the Fund was well positioned. Furthermore, the Fund was safe. There was no need to worry and she encouraged everybody to enjoy retirement.

Agenda item 7: After-service health insurance and long-term care (ASHIL) issues

(a) Report by the Standing Committee

103. Georges Kutukdjian introduced the report (document Council 46/2017/D.7)). After thanking the Vice-Chair, who also acted as rapporteur, for her support throughout a very protracted discussion, he paid tribute to his colleagues on the HLCM/FB Network Working Group on ASHI.

104. The report had focused on the recommendations emanating from the inter-agency HLCM/FB Network Working Group on ASHI, four of which had been adopted by the Advisory Committee on Administrative and Budgetary Questions (ACABQ). The discussion had also taken place in full awareness of the issues that the Standing Committee had adopted at the previous Council session:

- 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 was 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' was 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.

105. In the ensuing discussion, the FAFICS representatives on the HLCM/FB Network Working Group were commended on the excellence of their work. The rapporteur was commended on the excellence of her report that she had completed despite the time constraints.

106. One delegation drew attention to the fact that in some instances national authorities of the countries in which retirees were resident did not always recognise the common system organisations' health insurance schemes. In Switzerland, people resident in Switzerland had to be insured under the LAMAL scheme, to which the insurance schemes of the Geneva-based organisations were considered equivalent. However, retirees from organisations, whose headquarters were not based in Geneva, were mainly insured with CIGNA: an insurance provider that the Swiss authorities, federal and/or cantonal, did not recognise.

107. **In the light of the foregoing, Council urged the FAFICS representatives on the HLCM/FB Network Working Group on ASHI to take up the issue and press for the recognition of the health insurance plans of common system organisations, whose headquarters were located elsewhere. The Chair of Standing Committee on ASHI assured Council that the issue would be taken up in the context of the HLCM/FB Network Working Group.**

108. **Council also requested the FAFICS representatives to the HLCM/FB Network Working Group on ASHI to secure the inclusion in the Working Group's work programme for the biennium 2017-2018 of an agenda item on the representation of retirees on health insurance executive/management committees of the United Nations agencies.**

109. **Council further recommended that long- term care be included as an item on the agenda of Standing Committee on ASHIL at the 47th session of the FAFICS Council. In that context, Council also suggested that the HLCM/FB Network Working Group on ASHI should likewise take up the issue of long-term care as a key component in after-service health insurance coverage.**

110. **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 (see Appendix 6).**

111. **After a discussion on their use and meaning, it was agreed that the Council report should include a glossary of the abbreviations and acronyms appearing therein.**

Agenda item 8: Ageing

112. Samuel Mbele-Mbong introduced the document (document Council 46/2017/D.8) on behalf of AAFI-AFICS Geneva. He pointed to the ever-increasing attention being paid to ageing issues as they related to human rights, age-related medical conditions and certain social conditions, such as abuse of the elderly, impact of weather on older persons and the threats posed by armed conflict. World Days on Ageing had been introduced, such as the International Day of Older Persons held on 1 October each year. The Human Rights Council had appointed an independent expert on the enjoyment of all human rights by older persons and set up an open-ended working group on ageing, as well as a stakeholder group on ageing. Organisations were currently much more inclined to include ageing-related items on their agendas and invite NGOs to attend their meetings. In Geneva, an NGO Committee on Ageing had been set up and there were counterpart committees in both New York and Vienna that offered scope for synergies.

113. AAFI-AFICS was of the opinion that FAFICS should become more involved in those issues. The Federation should continue to: attend the meetings of such bodies as the United Nations Committee on Human Rights and the WHO General Assembly; participate in international days related to ageing; and include an agenda item on ageing at all FAFICS Council sessions with the primary aim of exchanging views and sharing information on ageing-related matters.

114. In the course of the discussion, note was also taken of the ageing-related paper (document Council 46/2017/D.13b) submitted by the Australian Association of Former International Civil Servants (AAFICS) and the New Zealand Association of Former United Nations Officials (AFUNO-NZ) that had been included under Agenda item 13 Other business. That paper focused primarily on the direct applications of the rights and needs of the ageing within the closer organisational environment, in particular the UNJSPF. The significant changes that came with an increasing life span such as increased anxiety and forgetfulness as well as greater dependence on others were not exclusively and painfully pertinent to the procedures introduced by IPAS and MSS, but they often marked a major shift from independent to assisted living arrangements. Whatever the context, the need for an ageing-friendly attitude was absolute

115. In addition to their basic advocacy activities aimed at increasing membership and propagating the activities of the United Nations, local associations found themselves counselling their members, intervening with local authorities and

ministries, organising social events and supporting cultural bodies, as well as raising funds for 'good deeds'. The need for active cooperation with national bodies, be they governmental bodies, NGOs or civil society groups, as well as with international bodies, was seen to be of paramount importance. It was essential to work with those who could turn resolutions into actions.

116. Delegations recalled that Council at a previous session had stressed the importance of participating in the International Day of Older Persons. In one instance, spin-off to such participation had culminated in the organisation of a government-sponsored meeting attended by UN retirees, local age-related associations and official bodies. In another instance, the celebration had led to the launching of an intergenerational initiative under the heading of *Solidarity or Conflict*?

117. A cautionary note was struck. Local associations should not fall prone to starting from scratch. They should draw on the experience of others. They were encouraged to familiarise themselves with the Madrid Plan of Action which offered an agenda for handling the issue of ageing in the 21st-century. The plan focused on three priority areas: older persons and development; advancing health and well-being into old age; and ensuring enabling and supportive environments. In that context, attention was drawn to the Elderly People's Act that had been promulgated in Brazil as Law N.10741 on the International Day of Older Persons in October 2003. In a country that was forecast to have the sixth largest population of elderly people in the world by 2025, the act was a cornerstone in the comprehensive legislation pertaining to ageing that Brazil had drawn up over the years. The law regulated the rights of people aged sixty years and older. It guaranteed their civil, political, economic, social and cultural rights. It established new paradigms of old age and a life lived in freedom, respect and dignity, touching as it did on the areas of health, social security, social welfare, housing, transportation, human rights and the related programmes and services.

118. Ageing matters were part and parcel of the day-to-day work of all member associations and were close to everybody's hearts. It was also central to the work of FAFICS. Furthermore, it had an impact on the work of the Pension Fund as evidenced by the task force that had been set up to focus on the needs of surviving spouses. Such initiatives could be cited as a good argument in favour of allocating more resources to the client services in the Fund secretariat. In any event the Pension Fund should be encouraged to regard problems related to dealing with the elderly as a priority area.

119. Other examples of the associations' day-to-day work ranged from arranging presentations by notaries public, advising members on the avoidance of internet scams, solving problems relating to carers, preparing lists of retirement homes, and finding 'apps' that were tailored to the needs of the elderly. For example, the whiteboards currently being launched by the Fund secretariat could also be made available on YouTube. One association described its use of WhatsApp to

maintain links with its members on a daily basis; it had also promoted the use of 'panic buttons' for those living alone.

120. Associations also drew attention to cultural initiatives they had launched. In Cyprus, for example, AFICS-CYPRUS had supported a cultural centre, while in the United Kingdom, BAFUNCS had just published a *Guide for Researchers in the United Nations Career Records Project* (UNCRP). The UNCRP was an extensive archive of memoirs, reports, letters, etc. relating to the careers of former, mainly British, UN officials from all parts of the UN common system that had been conserved for posterity in the Bodleian Library at the University of Oxford. The association was currently working on a biography of Sir Eric Drummond, 7th Earl of Perth, who had been elected the first Secretary-General of the League of Nations in April 1919 at the Paris Peace Conference. Publication was scheduled to mark the centenary of that event.[3]

121. Indeed, ageing was said to worsen with loneliness: a fate which particularly affected expatriates. Furthermore, the gender element was being ignored; elderly women had become the 'hidden people'.

122. As one delegation remarked, it was very much a question of determining what could be done for the elderly and what they could do for themselves. As the Presiding Officer pointed out, longevity had complicated matters, with the shift from traditionally large multi-generational families to 'nuclear' families: a trend that was also perceptible in developing countries. Charity might well begin at home, but long-term care was no longer being given the prominence it deserved in the deliberations of the HLCM/FB Network Working Group on ASHI.

123. Member associations should exchange details of their experiences as well as information on good practices they had adopted. The inclusion of appropriate links on the associations' websites would facilitate that exchange process. The associations had unparalleled grass-roots experience of the problems facing their elderly members that could be passed on to other member associations when carers, families and lawyers were at a loss. Similarly, they could advise such bodies as the Fund secretariat.

124. **Upon conclusion of the extended discussion, Council noted with appreciation the extensive activities that member associations had undertaken in order to help their constituents.**

125. **Council adopted a number of recommendations at three distinct levels.**

126. **At the level of the Pension Board, FAFICS should reaffirm that ageing was a priority concern to which all agencies and organisations, participants and Member States should devote particular attention. Furthermore, long-term**

[3] Details to be found in the UNCRP section of the BAFUNCS website (www.bafuncs.org)

care should be re-introduced as a crucially important factor in the deliberations of the HLCM/FB Network Working Group on ASHI.

127. **At the level of the Federation, a focal point for ageing should be established. It was agreed that the focal point be located in AAFI-AFICS in Geneva.**

128. **Furthermore, the Federation should continue its close cooperation with the Fund secretariat and reaffirm its focus on the needs of ageing beneficiaries as a major activity.**

129. **At the level of the individual member associations, the associations should go beyond advocacy and enter into more active cooperation with national and international bodies on issues that would safeguard the interests of their members in a broader context and contribute to their welfare.**

Agenda item 9: Administrative and financial questions

(a) Report of the Auditors for the accounts ending 2016

130. The Treasurer introduced the Auditors' report for the year ended 31 December 2016 (document Council 46/2017/D.9(a)). He explained the various tables and reported that a number of member associations had since paid their arrears. As in the previous year, Council suggested that an endeavour should be made to ascertain the reasons for non-payment.

131. The Treasurer explained that the membership fee for FICSA would not be levied in 2017 as FAFICS had been granted free membership as of the current year. He also explained that the budget line for secretarial assistance covered the costs of organising the Council session in 2016 that had accrued to ARICSA.

132. **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 2016.** 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.

133.

(b) Interim report on the management of the budget for 2017

134. The Treasurer presented the interim report on the management of the budget for 2017 (document Council 45/2016/D.10b) and elaborated on the income and expenditures as well as the status of contributions as of 14 July 2017. He

assured Council that the funds sufficed to cover expenditures envisaged for the remaining months of the year.

135. The President reported that she and the former FAFICS President had approached the UNFCU and successfully negotiated a donation of USD 10,000 to cover the cost of participants' travel to the Council session and a nominal per diem. If it were to become a regular donation, criteria would have to be developed for the selection of participants and a separate budget line set up. **Council requested the Bureau to work on those criteria.**

136. **Council took note of the interim report on the management of the budget for 2017 and commended the Treasurer on his financial prudence. Council also commended the President on her initiative and effective negotiations with the UNFCU.**

(c) Proposed budget for 2018

137. The Treasurer introduced the proposed budget for the year 2018 (document Council 45/2016/D.10c). He explained that the budget for 2018 was an administrative budget comparable in approach and magnitude to the previous year’s budget. Moreover, it had not been proposed to raise the membership fee.

138. Delegations pointed out that if the Federation was doing more, it followed that more resources would be needed - yet none had been requested. Some delegations pointed to the minimal membership fee being levied, while others reminded the session that those retirees on small pensions found it difficult enough to pay even the current fees. It was not so much a question of raising the fees as one of determining what the Federation would spend the funds on.

139. Council was reminded that budgets should be based on a programme of work. The draft budget before Council was an expenditures-based budget or a 'business-as-usual budget' as one delegation described it. Activities in many countries consisted of e-mails or 'piggybacking' on people travelling under different headings who also conducted business on the respective association's behalf.

140. It was suggested yet again that action be taken in respect of those member associations in arrears that had not been in good standing for protracted periods of time.

141. It was pointed out that funds might be needed in the current year and subsequent years to cover costs associated with resuscitating the newsletter, *FAFICS MATTERS,* and improving the Federation's website. The Treasurer explained that FAFICS could draw on funds of the order of USD 6,000 that had been earmarked as a reserve pursuant to a decision taken at the 44th session of the

FAFICS Council. Funds for the reserve had accrued over the previous year thanks to video-conferences having been used to greater effect instead of the participants having to travel to the meetings. The availability of those reserves meant that the Treasurer did not have to seek a Council decision on expenditures within that amount. However, caution was expressed against drawing down funds from reserves in the event of possibility of a crisis.

142. In response to a question about the costs associated with the traditional lunch offered to the Secretary/CEO of the Fund and his senior staff, it was explained that they related solely to payment for the meals provided to the guests.

143. Some delegations pointed to the large amount of cash in hand: equivalent to three annual budgets. Other delegations spoke of soliciting voluntary contributions or seeking additional donations. Still other delegations spoke of local membership drives and offering more services of interest to members. It was also suggested that working relationships relating to facilitating the shift into retirement could be established with the staff associations and federations, as well as with the human resource departments of the various agencies and organisations.

144. **In the ultimate analysis, however, the best way to increase resources was to increase the number of members.**

145. As part of their membership drives, some associations had drafted letters addressed to all UN retirees in their respective countries. They had passed the letters on to the Fund secretariat which had kindly undertaken to mail them. The strategy had invariably led to a perceptible growth in membership. That notwithstanding, it was essential that the contact addresses and digital coordinates of the FAFICS member associations cited in the Annual Letter of the Secretary/CEO of the Fund were both current and correct. Member associations should alert the Secretary and the FAFICS President to any errors they had discovered so that the Fund secretariat could be kept informed.

146. **Council took note of the proposed disbursements and approved the budget for 2018. (see Appendix 7).**

(d) Appointment of the Auditors

147. Council was informed that the Auditors, Messrs. Ventura Garcia Garnateo and Mohammed Rharha, had once again declared their willingness to take on the task of auditing the Federation's accounts. Council accepted gratitude.

Agenda item 10: Elections and Appointments

(a) FAFICS Officers

148. 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 46/2017/D. 10a Rev. 1). He introduced the slate of candidates and oversaw the election process.

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

150. **Seven Vice-Presidents were elected:**

- **Jerry Barton (39 votes)**
- **Warren Sach (38 votes)**
- **Katia Chestopalov (33 votes)**
- **Junko Sato (28 votes)**
- **Marashetty Seenappa (27 votes)**
- **Adriana Gomez (26 votes)**
- **Ari Toubo Ibrahim (23 votes)**

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

152. The newly elected members would assume office immediately.

153. **A request was made that at the elections in the years ahead, steps should be taken to ensure that the CVs of the candidates were circulated together with the slate of candidates in a timely manner so that delegations could discuss their voting pattern in advance. It was also pointed out that in future the procedures and criteria governing the election process, including the need for comprehensive prior consultations that were essential to reaching an informed decision, should be duly applied.**

(b) Chair and Vice-Chair of the Standing Committee on Pension Issues

154. **It was decided to elect the chair and vice-chair for a period of one year only. That would permit synchronisation of the elections in both Standing Committees. The persons elected were:**

Chair: Gerhard Schramek
Vice Chair/Rapporteur: Warren Sach

155. On declaring the elections closed, the Presiding Officer wished those elected every success in their endeavours on behalf of FAFICS.

Agenda item 11: Appointment of FAFICS representatives to the Pension Board and other bodies in 2018

156. **On the recommendation of the President and after extensive consultation, Council appointed the following persons to represent the Federation in their capacity as FAFICS representatives to the Pension Board in 2018:**

- **Marco Breschi**
- **Adriana Gomez**
- **Warren Sach**
- **Linda Saputelli**
- **Gerhard Schramek**
- **Mohammed Sebti**

157. **Katia Chestopalov, Georges Kutukdjian, Warren Sach and Gerhard Schramek would continue to represent the Federation on the HLCM/FB Network Working Group on ASHI.**

158. In response to a query as to: (i) what the criteria for selecting FAFICS representatives to the Pension Board were; and (ii) the need, in the interest of transparency, for those criteria to be known to all member associations, the President explained that the FAFICS representatives to the Pension Board in 2018 had been selected on the basis of the criteria that had been developed for that purpose. Furthermore, as in the case of the elections of the President and the Vice-Presidents (see paragraph 148-152), every attempt had been made to maintain gender and geographical balance.

159. She reminded Council that the President of the Federation and the Chair of the Standing Committee on Pension Issues were *ex officio* members. Two other members were representatives to the current Pension Board. Two new members had been selected, Adriana Gomez and Mohammed Sebti, as 'new blood' and in keeping with the established criteria. They would familiarise themselves with the workings of the Pension Board and so provide for continuity in representing the Federation's interests.

Agenda item 12: Date and place of the 47th session of the Council

160. The date and place of Council sessions were determined by the venue and date selected for the session of the Pension Board. As things stood, the Pension Board would meet in Rome from 26 July until 3 August 2018. Since Council met prior to the sessions of the Board, its forty-seventh session would be held from 19 July until 24 July 2018. Confirmation would follow at a later date and all member associations were urged to attend the session.

Agenda item 13: Other business

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

(a) *FAFICS communications with its membership*

162. The issues related to communications raised in the paper (document Council 46/2017/D.13a) had been partially taken up in the report of the President and in the discussion with the Secretary/CEO of the Fund and his staff (see paragraphs 63 - 68).

163. In the final stages of the session, Council had also returned to the topic of communications. It was agreed that effective communication was essential to good planning and FAFICS would look into ways of enhancing it. Support was expressed for the revival of *FAFICS MATTERS* that should provide information of pertinent resolutions and reports, copies of which would also be posted on the FAFICS website.

164. It was further suggested that in certain regions, it was counterproductive to issue material in digital form as members in certain countries lacked the technical 'savvy' and, in some cases, even the electric power they would need for digital devices. In both instances, regardless whether the material was in digital or hard copy format, it had to be concise and attractive to retain the readers' interest. Although FAFICS MATTERS was issued solely in digitised format, the President supported by some delegations did not take up the suggestion made that FAFICS go digital on Facebook or Twitter.

165. **It was agreed that in assigning tasks to the Vice-Presidents, the responsibility for communications was of eminent importance.** To assist the process, Michael Atchia offered to draft a proposal and secure a cost-estimate for a digitised version of FAFICS MATTERS that the FAFICS Bureau could consider.

(b) *Looking after our most elderly retirees*

166. The issues raised in the paper (document Council 46/2017/D.13b) had been addressed *in extenso* under the agenda item on ageing (see paragraphs 112-129). It had been recognised that the most elderly retirees should be accorded preferential treatment, with particular emphasis on the needs of surviving spouses. Initial positive steps in that direction had been discussed during the meeting with the Secretary/CEO of the Fund and his staff (see paragraphs 69 - 75).

(c) *Funding of FAFICS and AFICS*

167. Giovanni Quaglia, AAFIB-Brazil, introduced a paper outlining a scheme designed to strengthen the financial affairs of both the Federation and the member associations. To his mind, the current funding arrangements and collection of dues were cumbersome. Furthermore, out of some 75,000 retirees fewer than one-third had actually joined FAFICS.

168. He offered a systemic solution, involving percentage-based contributions levied by the Pension Fund similar to the manner in which ASHI contributions were

deducted each month from the benefit payments. Centenarians would be exempt and surviving spouses would pay a reduced fee.

169. The formula suggested was an automatic deduction of 0.1 per cent each month, the minimum monthly deduction being USD 2. The retirees would be able to opt out of the arrangement that would be explained to him/her as part of the separation formalities. In a nutshell, the retirees would be trading in their staff association dues, if applicable, for FAFICS/AFICS dues. FAFICS would retain 25 per cent of dues received and the remaining 75 per cent would be distributed across the member associations. The net result would be a palpable increase in regular funds to all associations that would provide for better services to their members.

170. In the ensuing discussion, the Presiding Officer pointed out that initially the Fund secretariat had been reluctant to assume tasks on behalf of FAFICS. Although that attitude has since changed as evidenced by the Fund secretariat's valuable assistance in supporting the membership drives of the individual associations, the proposal as it stood would place a considerable administrative burden on the secretariat's resources.

171. A number of delegations supported the proposal that they saw as a continuation of a familiar monthly practice. Others were adamantly opposed. One member association warned against making any attempts to expand the scope of the Fund's remit at a time when Member States were intent upon expanding the activities of the Fund secretariat to include administration of after-service health insurance. A plea was made to keep things at the local level where hands willing and able to carry out basic functions were usually available. It was easier to raise money than spend it effectively.

172. If the Federation were to adopt the practice proposed, it ran the risk of being accused of taxation without representation. It might also complicate IPAS, were new features to be introduced. Furthermore, the proposal bore legal implications that could prove problematic.

173. In the final stages of the discussion, ideas were aired on alternative methods of funding the Federation.

174. **The best approach, it was felt, was to increase the number of associations and membership of the same. The Federation's outreach needed to be improved. It was essential that all retirees in a country be approached and encouraged to join their local association.**

175. **Over the years, the Fund secretariat had been willing to distribute, on behalf of the member associations, a letter encouraging retirees to join and describing the benefits of membership as they applied to the country in which they lived (see also paragraph 145). Those associations that had availed themselves of that service had registered a surge in new members.**

176. **FAFICS should also increase awareness of what the Federation could and ought to do on behalf of its members. Examples cited included the charity managed by AFICS-New York, as well as the funds maintained by BAFUNCS and AAFI-AFICS Geneva. All three funds were open to all retirees in distress regardless of the country of residence or former organisation.**

177. **The directive issued by the UNDP Administrator a few years earlier urging field offices to assist in the establishment of local member associations was another case in point. However, despite the directive having been very effective in the past, it had since become obsolescent and Resident Coordinators no longer responded to the instructions. A new directive was needed, soliciting support for FAFICS member associations in the field, signed by the Secretary General and the President of the General Assembly and disseminated throughout the common system. At the same time, members of country management teams who saw the benefits of having a local association *in situ* should be encouraged to set up associations in their own countries on retirement.**

178. The importance of the Council report as a communication tool was recognised. In the very final stages of the session, discussion ensued on its translation into French and Spanish. Initially, a joint venture proposal was suggested involving three associations in three countries. In the ultimate analysis, however, AFUS generously offered to undertake the translation of the whole report. AFICS-Argentina would have been willing to help with the translation into Spanish; however, the lack of human and financial resources made it impossible to undertake such a task on a global basis. Possibilities would continue to be explored.

179. Giovanni Quaglia was thanked for the lengths to which he had gone in preparing the proposal, the contents of which were appreciated, but would possibly prove infeasible at the current juncture.

(d) Former United Nations system staff moving to Vienna

180. Jerry Barton introduced a paper (document Council/46/2017/D.13d) describing the misconceptions that many retirees held with respect to their being eligible for residency in Austria by virtue of their having served with the United Nations. Whereas EU nationals plus Switzerland, Norway, Liechtenstein and Iceland were free to take up residence in Austria, no exceptions were made for former UN system staff from non EU-countries. Third-country nationals in receipt of a pension benefit from the UNJSPF were not automatically eligible for residency in Austria; they were subject to an annual quota system, while applications had to be made from the applicant's country of nationality. The recently tightened law was being applied even more strictly than before. Even retirees from Vienna-based organisations were not exempt from the quota system, unless they applied for a residence permit immediately upon retirement. In addition to proving that

they had an adequate income and health insurance coverage, applicants also had to meet German language requirements at the time of application and display a knowledge of Austria's history and culture, when seeking longer-term residency.

181. It was essential to disabuse people of the mistaken belief that they could enjoy a tax-free existence in Austria. UN retirees resident in Austria were subject to income tax on their global income; solely their UNJSPF pension benefits were exempt from Austrian income tax by virtue of the agreement between the Vienna-based organisations and the Republic of Austria. UN retirees had to pay all other Austrian taxes and provide tangible proof of physical presence in the country for at least six months a year. If they failed to do so, the residence permit would be revoked.

182. The document had been designed to provide a definitive description of the requirements pertaining to taking up residence in Austria. As Jerry Barton emphasised, those requirements were continually changing and should thus not be ignored.

(e) Statement by the Chairman of the Pension Board

183. On the penultimate day of the session, Vladimir Yossifov, Chairman of the Pension Board at its 63rd session, spoke of the problems that the Pension Board had faced over the past year. He spoke highly of the contribution of the FAFICS representatives to the deliberations of Pension Board. To date, they had served the interests of retirees and participants well.

184. Thanks to the task force that had been set up, it had proved possible to solve the problems in the Fund secretariat related to the at times long delays in the initial pension benefit payments to 'new' retirees. Things had since returned to normal and were arguably better than before. Furthermore, payments to beneficiaries already on the payroll had migrated to the new system without a hitch. That notwithstanding, a little later the Chairman of the Pension Board spoke of it being incumbent upon the Fund secretariat to treat its clients as human rather than ciphers. Admittedly, investment returns had not yet reverted to target levels, but the UNJSPF was one of the very few pension funds in the world that was fully funded.

185. The more immediate problems stemmed from the disruptions caused by a limited number of participants' representatives who claimed to represent the interests of active staff and retirees alike. Indeed, the extent of their 'representativity' within their own constituencies was debatable. In any event, FAFICS should refute their claims that the participants' representatives also represented the beneficiaries. It was very much a question of lies versus truth. Many of their statements had given rise to unnecessary concern, such as their assertions about the threat of changes to the defined-benefit pension plan.

186. At the outset of the brief discussion thereafter, the Chairman of the Pension Board was congratulated on his clear message. He was thanked for coming to address the Council session: a 'first' for any Chairman of the Board.

187. The Federation was committed to establishing the truth. It was to be hoped that its interventions at the Pension Board would contribute to that aim. Delegates showed their disdain for the smear campaign and the Chairman was encouraged to ignore the people snapping at his heels. 'Alternative truth' should not be allowed to cloud the Federation's vision and members' understanding of the real situation.

188. Vladimir Yossifov went on to say that he had met the newly appointed Secretary General and encouraged him to include pensions as an item of the agenda of the Chief Executives Board for Coordination. He should keep a watch on developments on the Pension Fund's investments and the vacancy announcement pertaining to the post of RSG. At the same time, he confirmed that in actuarial terms, the Pension Fund was in good shape and its performance in a volatile environment was reassuring.

189. The Chairman was thanked once again for addressing the Council. His experience as a participant, government representative and departing Chair gave him unique insight to the workings of the Fund. He had worked skilfully and successfully, making useful points with great clarity. His visit was truly appreciated.

Closure of the session

190. The President thanked the Presiding Officer and 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 wished everybody a safe journey home: a sentiment that was echoed by the President of the host association who announced that photographs of the social event the previous evening were posted on the ARICSA website.

191. The Presiding Officer commended everybody on their sense of discipline as seasoned collaborators that had ensured the smooth flow of the meeting. He thanked them sincerely for having contributed to the enhancement of the Federation's image.

192. Georges Kutukdjian spoke of the serene, calm and orderly conduct of the meeting The Presiding Officer's character and presence had helped immensely. He thanked him most sincerely.

193. Valedictory statements were also made by the delegations from AGAFNU-GN-Guinea and ASAFI-Senegal. The first was an expression of thanks to Adama Pierre Traoré, the Secretary and the President of the Federation and the endeavours that all had made to help improve the situation for retirees in

countries such as Guinea. The second was similarly an expression of gratitude. Abdou Khadre Diakhate thanked FAFICS for accepting ASAFI-Senegal as a member. He looked forward to playing a role akin to that of a roving ambassador as he undertook to encourage other associations to follow his country's example.

194. The Presiding Officer reiterated his wholehearted thanks to everybody for having contributed so effectively to the debate and declared the session closed at 11.55 a.m. on 20 July 2017.

Appendices

Appendix 1	List of participants
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Appendix 3	List of documents
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Appendix 5	Report of the Standing Committee on Pension Issues
Appendix 6	Report of the Standing Committee on ASHIL
Appendix 7	Approved budget for 2017

Appendix 1

List of participants

President	Linda Saputelli
Presiding Officer	Tedla Teshome
Secretary	Jay Sundaresan
Treasurer	Wolfgang Milzow
Rapporteur	Peter Lillie

AAFI-AFICS-Geneva	Katia Chestopalov Ravindra Chopra Samuel Mbele-Mbong Mohammed Sebti Odette Yaggi Foudral
AAFIB-Brazil	Giovanni Quaglia
AAFICS-Australia	Mary Catherine Johnson Michael Sackett
AAFNU-BF Burkina Faso	Louis Dominique Ouedraogo Adama Pierre Traoré
AAFNU-N-Niger	Ari Toubo Ibrahim
AAFU/AFUS-Paris	Neda Ferrier Georges Kutukdjian
AEFNUC-Cuba	Ana Maria Gudz Robak
AFICS-Addis Ababa	Tedla Teshome
AFICS-Argentina	Isabel Kantor Ines Valentina Leibo Judit Isabel Luraschi

AFICS-Cyprus	Michalakis Voniatis
AFICS-Japan	Junko Sato
AFICS-Kenya	Brigitte Anna Hillen
AFICS-Kiev	Aleksey Kostomarov
AFICS-Malaysia	Mei-Mei Kong
AFICS-Mauritius	Michael Atchia Ahmud Yousuf Maudarbocus
AFICS-Moscow	Robert Gumen
AFICS-Netherlands	Kees Tuinenburg
AFICS/New York	Warren Sach
AFICS-Panama	Juan Antonio Casas-Zamora
AFICS-Philippines	Lydia Ontal
AFICS-Santiago	Adriana Gomez Mario La Fuente
AFIJUB-Spain	Miguel A. Espinar-Sierra
AFUNCS-Nigeria	Edward Omotoso
AFUNPI-India	D.V. Si Narasimhan Marashetty Seenappa
AFUNSOB-Bangladesh	Abu Khaled Masood Ahmed Fazlur MD Rahaman
AGAFNU-GN-Guinea	Mamadou Pathé Diallo
AMAFINU-Mali	Mariam Ndiaye Coulibaly
APUNG-Greece	Maroulla Iossif
ARICSA-Vienna	Jerry Barton Werner Blenk Rosemarie Orkan-Lecki Gerhard Schramek

	Olaf-Michael Stefanov Elisabeth Swaton
ASAFI-Senegal	Abdou Khadre Diakhate
ASOPENUC-Colombia	Helene Hasselbalch
BAFUNCS-UK	Carolyn Murphy
CAFICS/ACAFI-Montreal	Jean Marjorie Bacon
FFOA-Rome + **FOA** Turin	Marco Breschi
IAFICS-Israel	Michael Suess
Emeritus President	Andrés Castellanos del Corral

PROXIES

ASSOCIATIONS	**FOR**
AAFICS-Australia	**AFUNO**-New Zealand
AFICS-Argentina	**AAFIB**-Uruguay **APNU-CR**-Costa Rica
AFICS-Chile (Santiago)	**APEFONU/AFICS**-Paraguay **AEFNUP**-Peru
ASOPENUC-Colombia	**AFICS**-Mexico

Appendix 2

Agenda

1. Adoption of the Agenda
2. Elections of the Presiding Officer and the Rapporteur
3. Membership matters
4. Report of the President
5. Pension issues
   (a) Report of the Standing Committee
   (b) Situation of the former UNJSPF participants in the former USSR, Ukrainian SSR and Byelorussian SSR
   (c) FAFICS positions at the Pension Board
6. Meetings with the Secretary/CEO of the UNJSPF and the RSG for Investments
7. Report of the Standing Committee on After-Service Health Insurance and Long-term Care (ASHIL)
8. Ageing (Note by AAFI-AFICS)
9. Administrative and financial questions
   (a) Report of the Auditors for the accounts ending 2016
   (b) Interim report on the management of the budget for 2017
   (c) Proposed budget for 2018
   (d) Appointment of the Auditors
10. Elections and Appointments
    (a) FAFICS Officers
    (b) Chair/Vice-Chair of the Standing Committee on Pensions
11. Appointment of FAFICS representatives on the Pension Board and other bodies in 2018
12. Date and place of the 47th session of the Council
13. Other business

Appendix 3

List of documents

In-session documents

Council 46/2017/CRP. 1- List of Participants

Council 46/2017/CRP. 2- FAFICS positions to be raised at the Pension Board

Council 46/2017/CRP. 3- United Nations Office of Legal Affairs – General Legal Division, (Annex to D.7)

Council 46/2017/CRP.4 – List of distributed Documents

Pre-session documents (D series)

Council 46/2017/D.1 - Provisional Agenda

Council 46/2017/D.1a- Work Programme

Council 46/2017/D.3 – Membership Matters

Council 46/2017/D.4 – Report of the President

Council 46/2017/D.5a – Report of the standing committee on pension issues

Council 46/2017/D. 7- Report of the Standing Committee on Health Insurance Issues

Council 46/2017/D.8 - Ageing

Council 46/2017/D.9a - Provisional Agenda item 9a – Report of the Auditors

Council 46/2017/D.9b- Provisional Agenda item 9b - Budget

Council 46/2017/D.9c - Provisional Agenda item 9c – Proposed Budget for year 2018

Council 46/2017/D.10a Rev.1 – Candidates nominated for Election

Council 46/2017/D.13a- Provisional Agenda item 13 – FAFICS communications with its members

Council 46/2017/D.13b Provisional Agenda item 13 – Looking after our most elderly Retirees

Council 46/2017/D.13c- Provisional Agenda item 13 – Note by Giovanni Quaglia, President AAFIB (Brazil)

Council 46/2017/D.13d- Provisional Agenda item 13– Information Note from Former UN System Staff

Standing Committee on After Service Health Insurance (ASHI)

SC/*ASHI/2017/DOC/1 - Provisional Agenda*

SC/*ASHI/2017/DOC/2 – Standing Committee on After Service Health Issues (ASHI)*

SC/*ASHI/2017/DOC/3 – Representation of Retirees on health insurance executive*

Standing Committee on Pension Issues (SCPI)

SCPI/2017/DOC/1 - Provisional Agenda

SCPI/2017/DOC/ 2 - Investments of the Pension Fund

SCPI/2017/DOC/ 3 – Report of the ALM Committee

SCPI/2017/DOC/4 - Emergency Fund

SCPI/2017DOC/5 - Representation of retirees on Staff Pension Committees

SCPI/2017/DOC/6 – AFICS-Argentina proposal

Appendix 4

Report of the President

Dear Colleagues,

1. It is a pleasure to be back in Vienna again this year for the 46th FAFICS Council. Little did we imagine we would be meeting in this lovely city so soon again. After months of uncertainty regarding the venue, Vienna was a most welcome outcome. We would like to thank our hosts, the United Nations Office at Vienna for providing us with the facilities. ARICSA President Jerry Barton was again pressed into service to make the arrangements. He and his team did their utmost to ensure that we were well accommodated and we thank them for their efforts.

2. I would like on behalf of the Federation to welcome you all to this meeting and congratulate our newest members, AFICS–Senegal and AFICS-Panama. AFICS-Panama is present with us and although they are awaiting endorsement by the government of Panama, which is taking longer than anticipated, it has been proposed that they be formally admitted this year. We also welcome in person this year the President of AFICS-Guinea who was unable to attend last year when his association was admitted. As always, our Special Adviser in charge of membership, Pierre Traoré, has worked throughout the year to bring about these results. During the course of our session he will brief you on where matters stand concerning his ongoing efforts to attract other new associations. For my part, after the Bureau meeting last December, I visited Portugal which has long had a UN retiree association. I met with several members of this group who are ready to join FAFICS, but need to bring their existing statutes into line with the FAFICS statutes. Although Portugal hoped to join us this year, it did not prove possible, but they assured me that they would finalize the arrangements next year.

3. The veterans of the Council will also notice some new faces among long-time member associations. We welcome you all and hope that you will find the Council as worthwhile and interesting as do those of us who return year after year. On a sad note, I would like those of us who knew him to remember Oscar Larghi who died in April this year. Oscar was a former President of AFICS-Argentina and former Vice-President of FAFICS. He was a pillar of FAFICS, having served for many years as Chair of the FAFICS Working Group on pensions before it became the Standing Committee. He was instrumental in bringing about a change in which the way the cost of living indices was calculated, to the lasting benefit of retirees. Most importantly, Oscar was an institutional person who identified strongly with his association and was a strong supporter of FAFICS. We will miss him.

4. My report on the major items of interest to us, pensions and after service health insurance, will be brief as they are thoroughly and substantively covered in the agenda before you. On pensions, Vice-President Warren Sach and I met throughout the year with the CEO of the Pension Fund and his senior staff to bring to his attention complaints and criticisms from our members and discuss ways to improve service. We also met several

times with the Chair of the Pension Board when he was in New York. In December we attended two Town Hall meetings on pensions held in both Geneva and New York. They were led by the Chair of the Pension Board with the presence of the CEO, the representative of the RSG for the investments of the Fund and in New York, the RSG herself.

5. Just recently, on 9 June, Warren and I met for the first time with the Secretary-General's Chef de Cabinet, Ms. Maria Luiza Ribeiro-Viotti and her team of advisors to the Secretary-General. We introduced FAFICS and expressed our concern about the performance over this past year of the investment portfolio which failed to accrue some $1 billion which we believe a better and more focused investment policy could have achieved. You heard more about this yesterday and will hear more tomorrow. We also took the opportunity to invite the Secretary-General or his representative to address FAFICS at his convenience at any point during our session. We were informed on Saturday that he could not, but sent his best wishes for a successful session.

6. As you well know by now, FAFICS has been engaged over the past three years in a working group on ASHI established by the High Level Committee on Management (HLCM) Finance and Budget (FB) Network Working Group on ASHI. For those of you attending a FAFICS Council for the first time, the four FAFICS representatives on this Working Group are Georges Kutukdjian, AFUS (France), Katia Chestopalov, AAFI/AFICS (Geneva), Warren Sach, AFICS/NY (New York) and Gerhard Schramek, ARICSA (Vienna). They have worked diligently over the past several years, participating in numerous meetings to defend our interests and protect our health insurance benefits. This year the Working Group on ASHI was particularly engaged as the Chair of the Standing Committee informed you yesterday in some detail.

7. You will recall that for the first time last year, FAFICS was permitted to address the Fifth Committee on this item, having been told that it would be on an exceptional basis and not be used to establish a precedent for the future. Nonetheless, we again approached the Fifth Committee this year and after considerable effort, were ultimately able to convince them that as ***the***, in fact ***only***, beneficiaries of ASHI, it was incumbent upon us to act in our own self-interest in ensuring that there be no erosion of health insurance benefits for retirees. I sent you the **statement** I made before the Fifth Committee in March and which was then posted on the FAFICS website asking that associations share it with their members. The Fifth Committee meeting was also **telecast over the internet**. It is unlikely that the Fifth Committee will take up the matter this year, but the Working Group will continue to function. You will hear more about this from the Co-Chairs on the ASHI Standing Committee.

8. Before turning to other matters, I would like in these remarks to comment, generally in some cases, more specific in others, on the agenda and on communication with the Secretary. As you know, FAFICS has a strict schedule that establishes a timeline for the issuance of Council communications and documents. Proposals for agenda items must be submitted **two months** before the Council session and be accompanied by a substantive document. The Secretary cannot accept, for example, vague suggestions to discuss a

topic, one without an attached rationale, or one consisting primarily of repeats of principles long articulated and supported by FAFICS. The Secretary has explained that questions from members cannot be considered agenda items and should be raised orally under the relevant agenda item. Proposals relating to pensions and ASHI are normally referred to the Standing Committees. Approval of the agendas for the Council and the two Standing Committees is the prerogative of the respective Chairs and inclusion of a proposed item, even if the deadline for submission was met, is therefore not an automatic right. The Chairs will decide what items are included in the final agendas, taking into account relevance, priority and time available.

9. A few word now about communication, because it is a critical function. However, it is also complicated because it is subject to certain restraints on the part of FAFICS. It began to emerge as a thorny issue about three years ago in the wake of the attacks by certain staff representatives, later supported by some retirees, on the CEO and leadership of the Pension Fund. Those attacks, carried forward primarily in social media, changed a dynamic, formerly characterized by civilized, even if contentious, dialogue to one of downright invective and personal attacks. In fact, last year's Council report alluded to the ad hominem "smears" directed at me by some self-appointed, retired staff union representatives because I could not agree on behalf of FAFICS with their misrepresentations of the facts. The attacks on the Pension Fund and its leadership have created turmoil, pitting the two major staff associations against each other, and to date accomplishing little except to tarnish the reputation of the Institution to which we devoted our working years. Two petition drives by the staff associations were abject failures that were ignored by the Secretary-General; yet this did not discourage them from launching yet another petition as recently as last month. Less than a week ago, on 11 July, the Chairman of the Pension Board was obliged to write two letters, one to: 1) all Participants, Retirees and Beneficiaries of the Fund reproaching the UN Staff Union in Geneva and New York and their Federation, the Coordinating Committee of International Staff Unions and Associations (CCISUA) of a "relentless, false and misguided attack on the Pension Fund and its leadership" and referred also to an open letter broadcast by the UN Administration in New York from two individual beneficiaries in the New York area which he characterized as "littered with innuendo, inaccuracies and lies" and; 2) the other to the four new UN participants representatives to the Pension Board, accusing them of disseminating inaccurate information before the Board began its session next week, and reminding them of their fiduciary duties. He asked that I share these letters with you, the Federation, and I have done so. This is the fraught context in which FAFICS currently operates and which also dictates our need for circumspection.

10. With respect to the Pension Fund and our interaction with it, we feel fortunate to be in New York where we have easy access to the CEO and his colleagues. Being close to the action allows us to be in constant contact with the leadership of the Fund, to bring to them our suggestions and concerns and for us to hear their replies to our queries. We take pride in the cordial and collaborative working relationships maintained by FAFICS over many years with its chief interlocutors both in the Fund and with those responsible for ASHI. Because as your representatives we do not participate in the campaign of public criticism against them does mean that we think that *all* is well and *everything* is perfect. We are well

aware of shortcomings such as the delays in pension payments for some groups and in particular, the lack of timely response to emails, phone calls and queries. We are also well aware that payments to new retirees, which were the subject of much distress last year, have improved greatly since then, with significantly better processing rates. The area where we believe there is the greatest need for improvement is Client Services and FAFICS is on record, having called for it year after year in the Board. FAFICS has also repeatedly supported an increase of staff resources commensurate with the large increase in client numbers. We look forward to hearing from the CEO of the Fund what his plans for ensuring this, and hope that he will be granted the necessary budgetary resources.

11. Some of our members may have had the impression that the various third parties who are critical of the Fund and have repeatedly called for the ouster of the CEO, communicate more successfully than FAFICS with its membership, implying also that FAFICS mistakenly rejects their point of view. Let there be no mistake—it has been a conscious policy on our part to ignore these voices, with which we largely disagree and which we feel draw too much attention to the Fund and are damaging to the UN and the Pension Fund. No long ago, these individuals managed to stir up controversy on social media over an audit report entitled *Detailed Audit Results of the audit of management of delays in the processing of pension benefits*. A preliminary consultative draft of this report was somehow leaked in December of last year, well before the management response by the Pension Fund had been completed and added, and was posted on social media. The report contained incorrect data on which some of the conclusions were based, leading some critics to announce that there were 10,000 cases of unpaid pensions waiting to be processed, a preposterous and frankly implausible number, yet it continues to be widely disseminated. Because it is not the responsibility of FAFICS to argue the OIOS conclusions on behalf of the Pension Fund, FAFICS decided to ignore the report and await the outcome of the discussion in the Pension Board when members would have the full report before them.

12. FAFICS generally refrains from refuting statements made by individuals who have no official standing. When asked, and associations do write to us often to ask for our opinion, we advise them to ignore communications from these individuals. More importantly, most of our members know that FAFICS would have been the first to advise them if any of the allegations were of enough concern that they could be negatively affected by them.

13. Over the years FAFICS has communicated consistently to bring retiree concerns to the attention of the responsible officials, and report back to you. For our part, we count on the AFICS Presidents to share these reports within their individual memberships. Last year alone we posted on the FAFICS website some 19 postings containing information of interest, and so far this year have distributed news of our address on ASHI to the Fifth Committee, news of the outcome in the Assets and Liabilities Management Committee (ALMC) meetings in which FAFICS representatives serve, news from the Chairman of the Pension Board and more, all of which was also posted on the FAFICS website. The reported outcomes involved numerous, behind the scenes steps, some requiring extraordinary efforts, to overcome the resistance of those who still do not want retirees to have a place at the table.

14. We look forward to discussing these matters in more detail during the session and stand ready to explore ways of increasing communication within the limits of our resources. But there must also be a basic understanding and recognition of the resources enhanced communication requires. I spend a good part of my day responding to emails and correspondence from members, as do all the presidents of AFICS associations. We do not have staff at our disposal to assist us, though in the case of the FAFICS President, the functions of the Secretary and the Vice Presidents could certainly be expanded to take on some of the tasks. Over the past several years, we have been trying without success to revive the newsletter, FAFICS MATTERS, which was published a few times some years back. The Bureau has been discussing this matter for several years and has yet to find a person willing to take it on. We will, however, persevere, and see what can be done to ensure a more regular news link to our members.

15. On another topic, last year I reported to you that the Bureau was examining the functioning of the FAFICS Secretariat. This covers a number of topics, including financing and the general servicing needs of a Federation that is far different today from the one first established over 40 years ago prior to the present Information Age. Such considerations doubtless apply also to individual AFICS associations. As a start, I am very pleased to report that we are able to enlarge the participation this year by two AFICS associations thanks to a generous contribution from the United Nations Federal Credit Union (UNFCU). On 19 June, FAFICS President Emeritus Andres Castellanos and I met with the CEO of the Credit Union, Bill Predmore, and told him of our financial needs. We approached the Credit Union because several years ago when Andres was President he had held discussions with the then CEO who approved an arrangement for funding. As a result of our meeting with Bill Predmore and the precedent already established, we were able to obtain some last minute funding from UNFCU. Since the green light was given only on 29 June, it was necessary, given the late hour, to select associations on the basis of ad hoc criteria. The use of future UNFCU funding will be taken up by the Bureau and a set of criteria established for the purpose.

16. Every year, it seems that both the Council and the Bureau bite off more than they can chew in terms of both intentions and requests. One pending matter refers to the situation of the former UNJSPF participants in the former USSR, Ukrainian SSR, and Byelorussian SSR which has been a standing item on the FAFICS agenda for many years, with yet little progress to report. While we hoped to be able to advance and come to some sort of agreement to settle this long-outstanding matter, the recent arrival of a new Secretary-General, as well other considerations have not yet enabled the process.

17. Another pending matter is the letter to the UNDP Administrator reminding him of his understanding on the provision of offices and other facilities to retirees in countries where UNDP had offices. However, not only did the United Nations elect a new leader this year, but UNDP also appointed a new Administrator in mid-April, suggesting that an approach to him just after his arrival would best be postponed. Also, at its December 2016 meeting the Bureau had a lengthy discussion on the functioning of the Bureau, but somehow did not resolve all of the proposals before it. The Bureau was, however, unanimous in agreeing at the same meeting that the fully inclusive representation of all parties on the organizations'

Staff Pension Committees (SPCs) was essential and that FAFICS should submit a document on the matter to the Pension Board this year. That document was prepared and was before the Standing Committee on Pensions and will be before the Pension Board.

18. I have taken up enough of your time and will end now so that the work of the Council may begin. I wish you a fruitful discussion and look forward to a substantive outcome.

19. Thank you for your attention.

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/2017/DOC/1) was adopted as submitted (see attachment 1)

Agenda item 2: Review of the issues on the agenda of the 64th session of the Pension Board of particular interest to FAFICS:

a) Investments of the Fund

3. Drawing on the information contained in both the document before the Standing Committee (SCPI/17/DOC/2) and in documents that were to be presented to the Pension Board at its upcoming session, Warren Sach, Vice-Chair of the Standing Committee on Pensions, described recent developments relating to the investments of the Fund.

4. The Secretary-General was advertising a vacancy for the post of Representative of the Secretary-General (RSG) for the investment of the assets of the UNJSPF that hinted at a possible change in occupancy as well as a potential increase in tension surrounding the functions of that post. Warren Sach stressed, however, that the financial and institutional aspects of that change were more important than issues related to the personality of the incumbent.

5. The crucial factor was the underperformance of the Fund that had been highlighted in General Assembly resolution 71/265. In that resolution concern had been expressed over the near-term underperformance of the investments; particular importance had been attached to meeting the Fund's target annual real rate of return of 3.5 per cent over the long term. The Fund had failed to reach a 3.5 per cent real rate of return in the past three years, in two of which it had also fallen short of the policy benchmark (6.9 per cent), achieving only 5.1 per cent. That underperformance meant that the value of assets in the Fund at the end of 2016 were USD 937 million below what it would have been, had the Fund performed as well as the market. Underperformance had continued in the first five months of the current year, albeit at a lower level that represented USD 147 million of forgone returns.

6. General Assembly resolution 71/265 had also expressed concern over the fact that foreign exchange losses for the biennium 2014-2015 had amounted to 3.4 billion dollars. A requested report on the performance of the current RSG had yet to be issued

7. Other investment-related concerns included: the effectiveness of the Investments Committee and its interaction with the Investment Management Division; the need for efficient IT tools; and an effective Information and Communications strategy. Whereas some solace might be sought in the performance of the Fund being reasonable compared to other funds, the need for effective investment management and risk management could not be gainsaid. All those factors had contributed to the commissioning of an in-depth review by an independent expert of the main investment practices, investment management and risk management of the Fund that would be considered at the upcoming session of the Pension Board (see agenda item 2(b) below for more details).

8. In the ensuing discussion, a question was raised about over-investment in one specific country. In his response, Warren Sach pointed out that about half of the funds were invested in the United States, while the European Union, Japan and the emerging markets accounted for the rest. Geographic diversity was maintained, as was a spread across currencies. The Vice-Chair suggested that the question might also be addressed to the RSG the following day.

9. Deloitte Advisory had undertaken the in-depth review of the Fund's practices. Given that Pension Board documents were 'restricted', precise details of the findings had not been generally distributed.

10. A question was raised about the Fund's failure to; (i) attain the policy benchmark in 2016 (5.1 per cent as against 6.9 per cent) that translated into a shortfall of USD 1 billion; and (ii) determine the cause. In response, it was reported that an attribution analysis had shown that, for the largest part, the shortfall was attributable to returns on North American equities. The situation was said to be improving in the current year and the portfolio had returned closer to benchmark levels, although figures confirming that trend had not yet been issued.

11. Attention was drawn to returns on investments in some countries being eroded by losses on currencies. In his reply, the Vice-Chair pointed out that currency rates were often more volatile than equities. Elements of roundabouts and swings notwithstanding, the Auditors had requested a closer review of the currency aspects of the Fund's investments.

12. Whereas about 67 per cent of the Fund's assets were invested in equities, some other pension funds invested up to 80 per cent. It was thus asked whether the Fund might pursue a similar policy. Warren Sach replied that although performance might arguably be better if investment in equities were higher, the Fund's portfolio would be more volatile - and hence at greater risk. Market turbulences could mean greater losses.

13. At a later stage in the meeting, one delegation reported about being asked whether the Fund was safe. The Chair pointed out that in actuarial terms, the Fund was sound and fully funded. Furthermore, the next actuarial review was scheduled for the end of the current year.

14. Given that markets were said to be 'on the verge of major risks', the question arose whether the Fund's investments were capable of responding to such risks, further to which certain countries were loath to repatriate funds. Warren Sach concurred that in certain instances, there were indeed limitations to the degree or speed at which funds could be transferred between asset classes. In order to be able to do that, a good IT structure and system was needed. In the absence of such a structure, the Fund would be at a disadvantage.

15. The lack of activity on the IT side of operations had already been identified as an area for improvement. Furthermore, immunities and the reimbursement of taxes were not always respected. Reclaiming taxes was inevitably a long, drawn-out process that could be helped by use of large international accounting firms.

16. Numerous delegations spoke of underperformance as a crucial matter. Questions were raised whether it was a systemic issue or something related to individual persons. Warren Sach stressed that it was not a matter of personal factors alone; it was essential to establish how the system itself performed. Admittedly, a single person could have a major impact on a system, but one should avoid pinning the blame on one person alone.

17. It was also recalled that previously the position of RSG had been a part-time post. Subsequently, both the Pension Board and the General Assembly had supported making it a full-time post..

18. Processes were just as important as people. The independent third-party review being conducted by Deloitte Advisory was rightly focused on systemic aspects. On no account could FAFICS pretend that a problem did not exist. As one delegation pointed out, the Federation would have to address all the concerns expressed and elaborate a clear position on the same.

19. One such concern was the lack of firm risk management. As in several other areas, vacancies had not been filled. That raised questions about the manner in which the gaps had been filled thitherto. As Warren Sach pointed out, the need to follow up on the failure to fill vacancies was of greater importance than counting 'heads on the ground'. By its very nature, the relationship between equities and risk management was tense.

20. Another concern was the risk of failing to meet the solvency target. One delegation asked about the period of time that the Fund could remain below the annual real rate of return of 3.5 per cent. It was replied that over-focus on the long term as against the short term was not optimal. It had to be recognised, however, that investment performance was not so much a concern of the

Pension Board. Decisions on investment performance were within the purview of the Secretary General.

21. **In conclusion, the Standing Committee took note of the report and thanked the author. Of the issues discussed, it was agreed that realities of underperformance would have to be raised during the deliberations of the Pension Board, as would the problems associated with the persistent vacancies in both the Investment Management Division and the Pension Fund Secretariat.**

(b) Report of the Assets and Liabilities Monitoring (ALM) Committee

22. In introducing the executive summary of the report of the Assets and Liabilities Monitoring (ALM) Committee (contained in document JSPB/64,R.27), the Vice-Chair said that the Committee had been primarily seized with overseeing the independent review of the Fund's investment practices, investment management and risk management. It had also joined forces with the Investment Management Division and the Pension Fund Secretariat in preparing for the asset and liability analysis of the robustness of the Fund.

23. After one false start, the independent expert body had been identified and a six-month deadline set for completion of the review. It covered five areas: (i) investment management; (ii) risk management; (iii) investment limits and compliance; (iv) performance management; and (v) investment reporting. Deloitte Advisory had submitted 26 recommendations and identified numerous areas for improvement in comparison to peers and best practices. The ALM Committee had identified eleven observations and recommendations relating to key areas

24. Questions were asked about the changes in investment policy being attributable to the lack of a good manager and the degree of responsibility incumbent on the Secretary General. The Chair pointed out that as in any bureaucracy, the chief administrator had a team of advisors to provide guidance, while the Vice-Chair said finger-pointing served little purpose in an environment facing systemic problems.

25 **At the end of the discussion, it was agreed that the Federation should thus support fully the recommendations and findings of Deloitte Advisory. It should counter any attempts to dilute those findings and any changes made would have to be fully justified on their technical merits.**

26. **The Standing Committee thanked the FAFICS representatives on the ALM Committee for their commitment and stamina.**

(c) Interim status report on the Emergency Fund

27. Gerhard Schramek introduced the report (document SCPI/2017/DOC/4) that focused on the degree to which the Fund secretariat had approved payments

from the Emergency Fund and introduced more effective outreach activities. The Chair also pointed out that of a total budgetary allocation of USD 225,000, the Fund had paid out no more than USD 39,001, representing 51 disbursements in the period: 1 January 2016 - 31 December 2016. The main problems were a lack of information on the existence of the Emergency Fund and access thereto, as well as the constraints imposed by obsolescent criteria.. Operations were shackled by lengthy procedures and document-related shortcomings. A major contributory factor was the absence of a clearly identifiable focal point in the Fund secretariat. The problem should be approached in terms of what both the Federation and the Fund secretariat could do to improve matters.

28. Delegations identified a number of pertinent issues. The slowness of the response was hardly conducive to dealing with emergencies. The rejection rate of 32 per cent indicated that applicants needed to be assisted throughout the application process. A number of delegations described their endeavours to help publicise the Emergency Fund, ranging from articles in Newsletters to descriptions of procedures that were accessible on line. Others had held special briefing sessions for their members. Advocacy and publicity were essential.

29. The inordinate delays, together with the lack of both flexibility and communication were seen to be major impediments. Moreover, part of the problem lay with the accountability requirements that the Fund secretariat staff had to observe, while the criteria governing the allocation of funds were in need of revision: problems that had been addressed by the Working Group on Plan Design in 2010. It was also regretted that applicants had no means at their disposal to lodge an appeal in the event of an application being rejected.

30. It was suggested that both FAFICS and the Staff Pension Committees could be enrolled to assist in overcoming the problems. At least at headquarters duty stations, the secretaries of the Staff Pension Committees (SPCs) could adopt a more active role other than simply acting as conduits for the submission of applications. Attempts made by FAFICS and AFICS-NY to increase the involvement of member associations in the work of the Fund secretariat had been rejected on the grounds of confidentiality.

31. Despite that rejection, the Federation could help its membership and establish a group of its own to assist weaker associations in the preparation of applications. It was later suggested that associations might set up evaluation groups at the local level to identify the problems they faced and propose solutions specific to their constituencies.

32. Certain improvements were visible. Interestingly enough, inflexibility was not so apparent where national disasters were concerned. Individual applications seemed to be the problem. That having been said, some families were still awaiting the payment of funds related to the floods in Chennai, India, back in December 2015. Indeed over the past few months, the rate of response on the part of the Fund secretariat staff had worsened.

33. It was unclear who in the Fund secretariat was responsible for matters related to the Emergency Fund. Fear of fraud might well account for the apparent reluctance of the secretariat to be more flexible when dealing with issues related to the Emergency Fund. Emergencies had to be seen as emergencies on both sides. It was suggested that more responsibilities could be delegated to the local associations.

34. Furthermore, a fund that managed a total allocation of USD 225,000 and disbursed but a fraction thereof would hardly qualify for a specially assigned post. Given the current resource constraints, it was suggested that the matter could be taken up with the Secretary/CEO of the Fund at the meeting the following day as a solution had to be found within the Fund secretariat.

35. In the latter context, the Chair urged delegations to refrain from taking up individual cases with the Secretary/CEO of the Fund during the meeting scheduled for the following day. Attention should focus on broader issues. The individual cases could be dealt with on a one-to-one basis with secretariat staff at a mutually convenient time. It would, however, be useful were the Federation to raise the need for an identifiable focal point and changes to the current criteria governing the allocation funds under the Emergency Fund.

36. 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.

37. **In conclusion and in the light of the suggestions brought forward, the Committee strongly reaffirmed the need for greater involvement on the part of the Federation and its member associations in the promotion of the Emergency Fund and the modernisation of its operations. It was recognised that many of the proposals brought forward in the course of the discussion had been made on previous occasions, but that did not invalidate their pertinence in the present setting. Matters might be helped by having a study undertaken identifying the various shortcomings and bottlenecks, the all-essential changes to the criteria governing the allocation of funds, as well as ways and means of accelerating the process as a whole. In proposing such a study, the Federation should stress the experience available among the members of the Federation who had long been managing charity operations of comparable complexity (cf. paragraph 33 above).**

(d) Representation of retirees on Staff Pension Committees

38. The Chair introduced the report (document SCPI/201/DOC/5) that highlighted the inconsistencies surrounding the membership of retirees on Staff Pension Committees (SPCs). Despite being fully represented on the Pension Board and

serving on the Standing Committee of the UNJSPF, retirees were not represented on all SPCs.

39. He went on to report that at its previous session, the Committee had concluded that for reasons of good governance, transparency and accountability, the fully inclusive representation of all parties on the SPCs was essential. It was a matter that had brooked no further delay. Council had approved that conclusion

40. At its meeting in December 2016, the FAFICS Bureau agreed to submit a document on the issue to the Pension Board in July 2017. The Chair, in cooperation with the Fund secretariat, had prepared a document on the issue that enjoyed the support of the Secretary/CEO of the Fund. It had since been submitted to the Pension Board as document JSPB/64/R.22.

41. Delegations reported on the situation concerning the representation of retirees on the SPCs in their former organisations. In one instance, it had proven possible to confound the argument that for reasons of confidentiality, retirees should not participate in the deliberations of the SPCs, while in other instances retirees were excluded on the same grounds when disability cases were on the agenda. In any event, the Chair stressed the importance of ensuring that the entitlement to attend meetings of the SPCs was accorded to retirees who were former staff members of the organisation concerned.

42.. **Council took note of the document and trusted that it would meet with the approval of the Pension Board.**

Agenda item 4: Other pension matters

43. One issue was addressed under the agenda item.

Note by AFICS Argentina

44. The Chair drew attention to a note submitted by AFICS Argentina (SCPI/2017/DOC/6) that addressed the issue of communications between the Pension Fund and its beneficiaries. Isabel Kantor, who headed the AFICS-Argentina delegation, introduced the note. It entered a plea for improved communications on the part of the Pension Fund, preferably in more languages than at present and in a user-friendly format that would facilitate matters for retirees. Given the new digital procedures and the introduction of the member self-service, it was essential that retirees should understand the intricacies of the new system. That held particularly true for small associations in countries far removed from headquarters duty stations

45. AFICS-Argentina had enjoyed commendable support from the Fund secretariat, but solely by virtue of certain individuals going out of their way to help as best they could. The association thus welcomed the plans to augment resources for client services. Although steps had already been taken, such as the introduction

of the call centre, the impact would be heightened, were the services to be made available in languages other than English. By the same token, the documents disseminated by the Fund should be available in a variety of languages other than English and French. For its part, AFICS-Argentina would willingly offer its services and explore ways and means of contributing to the translation process.

46. The assistance that member associations could extend to the Fund secretariat in locating retirees who had failed to send in their certificates of entitlement could be improved. If the associations were privy to additional data such as the full home address and the name of the former organisation of the retiree concerned, the search would be far simpler.

47. In the ensuing discussion, delegations recognised the need to enhance client services. However, where the number of languages was concerned, the general tenor was that it should not extend beyond the official languages of the United Nations. The need for more material in Spanish than was currently available was acknowledged.

48. Committee members also supported the Pension Fund's request for more resources for client services. On that particular issue, the Pension Board could be said to have 'ducked' its responsibility, when it failed to approve an adequate number of posts when more were clearly needed. Furthermore, the Pension Board had not provided the resources needed to absorb the surge in retirements in peacekeeping operations - despite being alerted to the fact. It was not a problem that could be solved by hiring retirees who cost less to fill the gaps.

49. The fiscal treatment of lump-sum payments in Australia offered a particularly pertinent example of the negative impact that procedural delays could incur. If lump-sum payments were not declared within six months after retirement, the inland revenue authority in Australia levied a hefty tax - in the order of 50 per cent. Since retirees had no means of controlling the time the Fund secretariat needed to process the paperwork, 'new' retirees found themselves in a particularly unfavourable predicament that was not of their making.

50. Linda Saputelli pointed out that one of the difficulties was the failure of the governing bodies, namely ACABQ and the Fifth Committee, to distinguish between requests for investment-related resources and those for administration-related resources. Enhancing client services was often not seen to be on the same footing as managing investments, even though due acknowledgement of the receipt of documents and improvement in the invariably delayed payments of survivor's benefits would greatly enhance the Fund secretariat’s image.

51. A number of member associations reported on palpable improvements in such areas as reducing the delay in the initial payment of pension benefits: often less than 30 days compared to the six to nine months reported the previous year. Although bad news 'sold' well, good news was just as effective as a morale booster.

52. The Chair thanked the delegations for their contributions throughout the meeting and declared the meeting closed at 3.00 p.m.

Attachment 1
Agenda

1. Adoption of the agenda
(SCPI/2017/DOC/1)

2. Review of issues on the agenda of the 64th session of the Pension Board of particular interest to FAFICS:

   (a) Investments of the Fund
   (SCPI/2017/DOC/2 and Add1)
   (b) Report of the ALM Committee
   (SCPI/2017/DOC/3)
   (c) Interim status report on the Emergency Fund
   (SCPI/2017/DOC/4
   (d) Representation of retirees on Staff Pension Committees
   (SCPI/2017/DOC/5)

3. Other pension matters

   (a) Note by AFICS Argentina
   (SCPI/2017/DOC/6)

Appendix 6

Report of the Standing Committee on After-service Health Insurance and Long-term care (ASHIL)

Agenda item 1

1.The agenda was approved as submitted.

Agenda item 2

Progress report on the work of the Finance and Budget Network Working Group on After-Service Health Insurance

The Chair of the Standing Committee on Health Insurance Issues opened the session, stressing that the four FAFICS representatives on the above-mentioned inter-agency Working Group had continued to work as a close-knit and efficient team. He thanked the Vice-Chair of the Standing Committee for accepting to draft the report of the Standing Committee on Health Insurance Issues, noting the tight time constraints imposed on that task, for which no other suitable arrangement could be made in view of the complexity of the subject matter.

I - INTRODUCTION

1. The Chairman indicated that Document SC/ASHI/2017/Doc. 2 was an update on the work of the inter-agency HLCM FB Network WG on ASHI since the 45th FAFICS Council Session and reported on:

- The discussions at the 45th Council Session;
- The work undertaken since by the FB Network WG on ASHI;
- The position taken by the High-Level Committee on Management (HLCM) of the Chief Executive Board (CEB);
- The Report of the Secretary-General on Managing After-Service Health Insurance liabilities;
- The recommendations of the ACABQ on the subject;
- The Resolution adopted thereon by the 71st UNGA.

In its conclusion, the document included some remarks in respect of the inter-agency FBN WG on ASHI's future work.

2. He reminded Council that, at the 45th FAFICS Council Session, a detailed document (SC/ASHI/2016/DOC/2) had been presented to the Standing Committee on Health Issues outlining the work of the various bodies involved in the subject matter, i.e. the request of the General Assembly at its 68th Session

that the Secretary-General *“undertake a survey of current health care plans for active and retired staff within the UN system, to explore all options to increase efficiency and contain costs and to report thereon at its seventieth session”* (A/RES/68/244).

3. In response to requests for clarification of the definition of the expressions “pay-as-you-go” and “pay-as-you-accrue”, the FAFICS representatives on the WG on ASHI provided the following definitions:

- **"Pay-as-you-go"** refers to the financing of expenditures with funds available at the time of financing (current funds), without resorting to reserves constituted for the specific purpose of financing the expenditures (dedicated reserves); and,

- **"Pay-as-you-accrue"** refers to the financing of expenditures with dedicated reserves and the concomitant accumulation of those dedicated reserves.

II. BACKGROUND

4. The Chairman further recalled the recommendations that had been formulated by the Working Group on ASHI:

Pillar A: Cost analysis and administrative arrangements

Recomm. 1. Collective Negotiations with Third-Party Administrators
Recomm. 2. Collective Negotiations with Health-Care Providers
Recomm. 3. Underwriting Reviews and Negotiations with Insurers

Pillar B: UN System ASHI Framework Review

Recomm. 4. National Health Insurance Schemes
Recomm. 5. Broadening the UNJSPF Mandate

Pillar C: Determination and Disclosure of the Liability

Recomm. 6. Standardizing General Valuation Methodology and the Establishment of Key ASHI Liability Valuation Factors

Pillar D: Funding Alternatives for the Liability

Recomm. 7. Adequate Funding of the ASHI Liability
Recomm. 8. Investment of Reserves

5. The Chairman also summarized the corresponding recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) to the United Nations General Assembly (UNGA) (Document A/70/7/Add.42), which had been approved by the 70th Session of the UNGA as follows:

a) The ACABQ had endorsed Recommendations 1, 2, 3 & 6;

b) on Recommendation 4, ACABQ was of the opinion that more information should be collected from all Members States where retirees and their eligible dependants reside, noting the wide distribution of retirees outside Europe and the US;

c) regarding Recommendation 5, ACABQ had recommended that the WG continue to examine options for a system-wide approach of managing ASHI benefits;

d) when considering Recommendation 7, ACABQ had noted that this would imply a move from the present pay-as-you-go to a pay-as-you-accrue approach for ASHI liabilities. Hence, it recommended the continuation of the pay-as-you-go approach for the United Nations;

e) with respect to Recommendation 8, ACABQ had recognized the merit of investing reserves earmarked to cover ASHI liabilities, while not ruling out the possibility of establishing inter-agency facilities for the investment of accumulated reserves;

f) finally, ACABQ recommended that the UNGA request the SG to maintain the WG in order to study further options.

6. Upon the recommendation of the Fifth Committee, the General Assembly took note of the Report of the Secretary-General and endorsed the conclusions and recommendations contained in the report of the ACABQ.

III. DEBATE AT THE SCHI DURING THE 45TH COUNCIL SESSION (2016)

7. The Chairman recalled that, given the large number of problems associated with after-service health insurance, the Standing Committee on Health Insurance Issues had identified on 8 July 2016 a number of issues that should be resolutely addressed[4]. Those were:

a) Reaffirmation of the principle that after-service health care was an essential component of the conditions of employment and above all a social matter – not simply a financial matter;

b) Protection of retirees' acquired rights;

c) Rejection of "one-size-fits-all". ASHI is not a Common System issue. It varies greatly from one location to another and from one health insurance plan to another, and the financial and other constraints faced in different countries are not the same;

[4]. Refer to paragraphs 103 & 104 of Document "2016_Council report_Rev.1"

d) Rejection of mandatory incorporation of national health insurance schemes as the primary health plan. Indeed, they are often inadequate for UN retirees in terms of availability, scope of coverage and quality;

e) Any consideration of the feasibility of using national health plans should 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

f) 'Pay-as-you-go' was still a viable option for Member States. Insistence on full funding for the pay-as-you-accrue option would tempt some Member States to take the national health insurance route on grounds of cost containment.

8. In the concluding stages of the discussion on the question, Council had reconfirmed the breadth of the problems associated with ASHI. In addition to the issues highlighted above, Council had reiterated the need to follow up on all eight recommendations presented in the report, not only within the context of the HLCM FB Network 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.

IV. PROGRESS SINCE THE 45TH FAFICS COUNCIL SESSION

A. Discussion at the High-Level Committee on Management (HLCM)

9. The Chairman recalled that, on 28 July 2016[5], the Co-Chair of the FB Network had presented to the HLCM an overview of the approach taken by the FB Network in establishing the ASHI Working Group, and summarized the main findings of the Group, as presented in the report of the Secretary-General.

10. The FB Network Co-Chair explained that the study conducted by the Working Group provided a comprehensive view of the current situation of the health plans and after-service health insurance funds and liabilities of each agency, pointing out that this was the first time such a comprehensive study had been carried out at the Common System level.

11. The UN Controller had given an overview of the work to be done in the next phase of the ASHI Working Group, noting that the ASHI report had received a very positive welcome in the General Assembly. The Controller highlighted that for the first time the UN system had a full picture of the diversity and scope of health plans across organizations, and that the report had raised the level of awareness as to how large, complex and important ASHI was.

12. "In her (the UN Controller's) overview of the discussions within the General Assembly, it was noted that recommendations 1 to 3 regarding collective negotiations

[5]. For more details, see https://www.unsceb.org/content/action-ashi

with healthcare administrators, health care providers and insurers were endorsed by the ACABQ and Fifth Committee, and that collective negotiations would be made possible based on the information gathered by the Working Group. With regard to the 4th recommendation on the use of national health insurance plans, the Controller noted that, without aiming for a single directive, for countries where there are strong national plans, and provided there is no detriment to the benefits of staff, there is potential for considerable advantages in terms of reducing costs.

With regard to the 5th recommendation concerning the mandate of the UNJSPF, the Controller informed the Committee that UNJSPF was not supportive of increasing its mandate to include ASHI as, among other reasons, UNJSPF does not have the same population as the ASHI population. However the General Assembly recommended the UN system continue the conversation on this issue.

The General Assembly supported the 6th recommendation regarding standardised valuation methodology, and the Controller observed that this was a clear example of the benefits of IPSAS having revealed these liabilities, and in ensuring that they are evaluated on the same basis and that managers consider these liabilities when making operational decisions. During later discussion on this matter some organizations noted that for those mandated to follow IFRS, not IPSAS, this aspect should be taken into account when moving towards a joint approach to valuation factors.

The 7th recommendation regarding adequate funding was not supported, and the General Assembly decided to maintain a pay-as-you-go approach to funding the ASHI liabilities. The UN Controller noted that for organizations funded by assessed contributions, the pay-as-you-go approach may be tolerable; however for organizations heavily funded by voluntary contributions, at least a core amount of investment would be required. She noted that smaller organizations in particular would be more vulnerable.

With regard to the 8th recommendation, the UN Controller noted that the General Assembly agreed that work should continue on leveraging existing arrangements for investment of reserves.

A number of HLCM members acknowledged the outstanding work performed by the ASHI Working Group, and congratulated it on the positive outcome of the discussions with the General Assembly. Several organizations felt that it was important that the Working Group be allowed to complete its work, with each member organization able to participate on an equal footing. It would not be appropriate for individual member organizations of the Working Group to propose and implement their own ASHI cost saving measures whilst the Working Group continued to operate.

Some concerns were raised regarding the General Assembly's decision not to approve the recommendation for adequate funding, noting that this represents an enormous problem due to the rapid growth in ASHI liabilities. It was agreed that the ASHI Working Group would have to do more work on the funding issue to differentiate those organizations who would need to fund the liability and to provide additional convincing *justifications in the next report that is submitted to the General Assembly. It was commented that a pay-as-you-go approach is poor financial management, and is not in line with the recommendations of the External Auditors.*

Strong concern was also expressed that the adequate funding of the liabilities has linkages to mobility. It was noted that unless funding of the past liability is made mandatory, it will be very difficult for staff to move from one organization to another if the releasing organization has not funded the past liability.

A number of organizations shared their experiences with efforts to adequately fund their ASHI liabilities, and informed the Committee on initiatives ongoing in their respective governing bodies to undertake separate, individual studies on ASHI.

The Director of UN Medical Services indicated the need for a strong engagement with medical services staff of the UN system on a technical basis for management of health insurance, noting that a combination of financial and medical technical expertise was required. She noted that more work should be done on evaluating plans and administrators with a view of exacting efficiency while maintaining good quality care for UN staff. In response, the Chair of the Working Group confirmed that HLCM had already decided to include representatives from medical services in the continuation of this work, recalling that the first phase of the work had only focused on the management side. The Co-Chair of the Finance and Budget Network also expressed strong support for involvement of UN medical services in the next phase of the work, noting that his organization had separate health insurance governance with external medical advisors to provide advice, and suggested that perhaps this should be considered for all organisations. He noted that from his experience he had also seen examples of third-party administrators not being held to task to put pressure on costs.

In response to questions as to the timeline for commencing implementation of some of the recommendations contained in the report, the Chair of the Working Group noted that work would resume soon, with the goal of presenting another report to the resumed 71st session of the General Assembly in March 2017. With regard to the analysis of national health plans, he noted that the initial analysis had only included 6 plans, and that this analysis will be expanded through a survey to be distributed to all Member States on their national plans. He noted that there will be some countries in which implementation will be easier, and that based on the responses from each Member State an action plan will be devised. On the issue of portability he agreed that not having a portability scheme is jeopardising mobility from agency to agency, as currently the recipient organisation has to bear the burden of all past service. He agreed that portability cannot be effective without a standardised set of benefits and standardised funding. He confirmed that the Working Group will focus on portability and will use it as a leverage to argue for adequate funding. Overall, the main goals of the Working Group would be to tackle all pending questions from the General Assembly and put renewed effort into the arguments for adequate funding, including differentiating different schemes and funding mechanisms."

13. Finally, the Committee expressed appreciation for the work carried out by the WG on ASHI and requested it to pursue its work taking into account the deliberations of the ACABQ, the Fifth Committee and the GA, and the objective to contain costs and protect the interests of staff and retirees, prepare a report for the 71st session of the General Assembly to be examined by the HLCM.

B. Progress report on the work of the FB Network WG on ASHI

14. The Chairman reported that, since September 2016, the Working Group on ASHI had held eight videoconferences. Members of the WG on ASHI had also participated in a face-to-face meeting (Geneva, 28 September 2016) immediately prior to the Health Insurance Officers' Roundtable. The Working Group had also held a two-day face-to-face meeting in Geneva in February 2017, with the participation of the representatives of ILO, WFP, FAO, WHO, UNDP, ITU, WIPO, UNICEF, UNHCR, IAEA, UNFPA, UNESCO and UNIDO, as well as FAFICS and FICSA.

15. During the period March 2016 – December 2016, the Working Group had prioritized Recommendations 1, 3, 4, 6 and 7 in relation to which its work stood to produce the greatest impact on ASHI liabilities in the short term. Updates regarding these five recommendations therefore constituted the main body of the follow-up report of the Secretary-General presented to the 71st session of the GA (Document A/71/698). The structure of this follow-up report is aligned to that of the Report of the Secretary-General presented to the General Assembly at its 70th Session.

16. "At its 68th and 70th Sessions, the General Assembly endorsed the ACABQ recommendations that the pay-as-you-go (PAYG) approach to the funding of the United Nations ASHI obligation be continued "at the present time". However, the Secretary-General remains concerned about the level of unfunded ASHI liability that will place financial pressure on future budgets. Therefore, the additional purpose of this follow-up report is to elaborate on a proposal to fund newly constituted ASHI liability, while maintaining a PAYG approach in relation to the existing liability. This proposed partial funding is aimed at ensuring prudential control of the escalation of the United Nations' ASHI liability and limiting its impact on future budgets.

It must be underscored that this proposal is specific to the United Nations. At the time of its consideration of the Report of the Secretary-General, the ACABQ requested additional information regarding the binding nature of any General Assembly decisions on the governing bodies of other United Nations system agencies. It was explained to the ACABQ that the General Assembly decisions would not be binding on other system agencies and that corresponding points for decision would have to be proposed to those governing bodies for formal evaluation and endorsement.

17. Recommendation 1 - Collective negotiations with third-party administrators

"Consistent with Recommendation 1 in the Secretary-General's report to the General Assembly at its 70th Session, United Nations system agencies have laid the groundwork

for collective negotiation with third-party administrators (TPAs), with a view to optimizing terms and conditions, including pricing, in relation to administrative services and access to the healthcare provider networks. The Working Group further found that the terms of reference presented by United Nations system agencies to TPAs could be improved to achieve consistency in relation to:

- *Key performance indicators;*
- *Pricing methodology, pricing segmentation and pricing assessment base per task;*
- *Reporting structure and frequency, and disclosure requirements;*
- *Controls and audit; and*
- *Tendering terms of reference and contractual terms and conditions.*

Initiatives have been taken by United Nations system agencies aimed at aligning their requirements of TPAs to best practice. To further support collective negotiation, the agencies have agreed to establish and maintain a common database in which terms of reference and contractual terms and conditions in relation to third-party administration, as well as demographic data and claims-related data, will be captured and shared.

The two TPAs mainly present in the health insurance sphere within the United Nations system are CIGNA and Allianz. These are also the two main carriers insuring outsourced health insurance risks. As reported by the Secretary-General to the General Assembly, at year-end 2014, of the 369,173 persons covered under the twenty-three United Nations system agency plans surveyed, 305,857 were covered under TPA-administered plans. Of these persons covered, 266,916 or 87.3% were covered under plans administered by Cigna."

18. United Nations system agencies that, to differing degrees, rely on TPA services had expressed varying levels of satisfaction with the standard of delivery of those services. Those agencies have collectively met with Cigna senior management with a view to conveying the common expectation that optimal terms and conditions of service would be offered and rigorously applied across the United Nations system and the highest standard of delivery met[6].

19. The Chairman noted that the meeting between the United Nations system agencies, members of the HLCM FB Network WG on ASHI and representatives of the Cigna management preceded the September 2016 biennial meeting of a community of practice of health insurance officers of international organizations. Thirty-two organizations, from both within the United Nations system and external to the system, attended this meeting, which was chaired by WHO. The mixed reviews expressed by the United Nations system agencies regarding TPA pricings and practices were largely echoed by health insurance officers across the community of practice.

The Chairman then summarized developments in respect of the recommendations made by the HLCM WG on ASHI to the 71st session of the UNGA, as follows:

[6]. A similar meeting was planned with Allianz.

20. Recommendation A – It is recommended that the Working Group established by the Secretary-General under the auspices of the Finance and Budget Network of the HLCM be maintained to ensure continuity in promoting terms and conditions of service aligned to best practice, cost containment and control in the area third-party administration of health insurance plans.

21. Recommendation 2 - Collective negotiations with healthcare providers

"It is recalled that, consistent with the conclusions of the ACABQ, the General Assembly at its 70th Session endorsed the Working Group's Recommendation 2 in the Report of the Secretary-General that, building on their success in conducting collective negotiations with healthcare providers in the Geneva area, the Geneva-based self-administered health insurance plans (ILO, WHO and the United Nations Staff Mutual Insurance Society) continue to identify areas in which collective negotiations with healthcare providers could result in savings and operational improvements. It was further recommended that common processes be developed to support the collective negotiations and that the establishment of a common database be considered as a means of sharing information in relation to healthcare provider practices, terms and conditions of agreements, and quality assessments.

The Geneva-based plans have continued to expand their preferred provider network in Geneva through collective negotiation. In 2015, the resulting discounts on charges associated with in-patient treatment averaged 25.0% to 27.0%. Given the location in which the costs were incurred, the savings are substantial: for the three plans the 2015 savings totalled an estimated US$18 million. Savings of this order have the effect of reducing the agencies' PAYG obligations and ASHI liabilities.

Pursuant to Recommendation 2, the administrators of the three Geneva-based plans have now turned their attention to collectively developing their access to healthcare provider networks in Asia and Africa, while at the same time negotiating best pricing for quality health care and minimizing pricing volatility. The Working Group will explore opportunities for the self-administered Geneva-based plans to cooperate with agencies in all locations whose health insurance plans are TPA-administered, to ensure that access to healthcare provider networks is optimized across the United Nations system and cost efficiencies realized."

22. Recommendation B – It is recommended that the Working Group pursue opportunities for agencies based in all locations to cooperate in developing their health insurance plans' access to healthcare provider networks in all regions, to ensure that best pricing for quality health care is achieved and pricing volatility minimized.

23. Recommendation 3 - Underwriting reviews and negotiations with insurers

“In his Report to the General Assembly at its 70th Session the Secretary-General recommended that, to provide a robust basis for challenging the terms and conditions of insurance, agencies with externally insured plans should perform periodic underwriting reviews, the results of which should be shared within the United Nations system for benchmarking purposes. In relation to this recommendation, the ACABQ concurred that opportunities exist for consolidation for the purpose of achieving economies and efficiencies while maintaining access to quality health care.”

24. Although its primary focus in relation to Recommendation 3 was on health insurance risk placement, the Working Group considered it important to establish the United Nations system's profile - both in terms of insurance premiums and underwriting results - as a global client for each of the two key insurance carriers Cigna and Allianz. As a starting point, both carriers were requested to provide baseline aggregate historical underwriting data in relation to each of the following personal insurance lines:

- Staff Health Insurance (including After-Service Health Insurance (ASHI));
- Short-Term Staff Insurance;
- Non-Staff Insurance;
- Staff Compensation (Workers Compensation) Insurance;
- Voluntary Group Life Insurance (Term Life & Disability);
- Interns Insurance;
- Governing Body/Board Members Insurance;
- Meeting Attendees Insurance;
- Visitors/Guests Insurance;
- United Nations Volunteers (UNVs) Insurance;
- United Nations Goodwill Ambassadors/Messengers of Peace Insurance; and
- Junior Professional Officers Insurance.

25. “For each insurance line, the two insurance carriers were requested to indicate the United Nations system agencies whose technical results were included in the aggregates. They were made aware that, at a later date, they could be requested to provide agency-specific technical data for cross-referencing purposes. As a matter of transparency, they were requested to disclose any information of a nature to impact their own technical results, for example any profit sharing or override arrangements associated with a reinsurance cession, or any global rebates from health care providers.

It must be noted that, where the health insurance risk is outsourced to one of the two key carriers (Cigna and Allianz), reporting requirements and periodicity in relation to underwriting results vary significantly from agency to agency within the United Nations system. The Working Group is actively engaged in promoting consistency in this regard, with the structure of the request to the two carriers for aggregate historical underwriting data serving as a reporting model. The Working Group is also recommending that, *upon renewal, agencies ensure that confidentiality clauses that currently preclude sharing of information within the United Nations system are withdrawn from contracts with insurance carriers and TPAs.*

Critical scale can be attained through the pooling of agencies' health insurance risks into captive insurance arrangements, such as those established at the United Nations Secretariat, both in New York and at UNOG, along geographical or organizational lines. However, as healthcare expenditure is a function of demographics that can differ markedly from agency to agency, certain agencies could face higher costs as a result of risk pooling. Equalization mechanisms therefore need to be developed in relation to plan solvency."

26. Recommendation C – It is recommended that the Working Group urge agencies to adjust confidentiality clauses in insurance policies and contracts with TPAs that currently preclude the sharing of information within the United Nations system, and implement regular system-wide underwriting reviews aimed at enabling United Nations system agencies to leverage scale and technical experience in negotiating terms and conditions of insurance with health insurance carriers. It is further recommended that the Working Group promote risk pooling wherever practicable, including within captive insurance arrangements where appropriate

27. Recommendation 4 - National Health Insurance schemes

"It is recalled that, in its resolution A/RES/70/248 B on special subjects relating to the programme budget for the biennium 2016-2017, the General Assembly endorsed the conclusion of the ACABQ that the necessary information should be obtained regarding the appropriateness, practicability and financial effects of incorporating into the rules and regulations of United Nations system agencies' health insurance plans the requirement for insured persons to be enrolled for primary coverage under the National Health Insurance scheme of the country in which they ordinarily reside. In this scenario contributions to the National scheme would be borne by the agency health insurance plan, with that plan also providing supplementary coverage to ensure that overall coverage levels remain equivalent to those offered under current terms and conditions of insurance. It is assumed that healthcare charges to the agency plan would reduce, with a corresponding reduction in the agency's ASHI liability and with no detriment to comprehensiveness or affordability of coverage for the insured persons, including when treatment is obtained outside their country of residence.

It is further recalled that the administrative implications, cost and effects on ASHI liabilities of incorporating into plan rules and regulations the requirement for insured persons to be enrolled in a National Health Insurance scheme can vary, often significantly, from country to country as well as from plan to plan. While acknowledging that savings could potentially be achieved in locations where sizeable populations of retired United Nations system officials and former officials reside, the ACABQ trusted *that the Working Group would give due consideration to the characteristics of the National Health Insurance schemes.*

Pursuant to its recommendation, the Working Group engaged Member States regarding the conditions of eligibility for primary coverage under their National Health Insurance schemes of persons insured under the auspices of United Nations system agencies, as well as the terms and conditions of insurance. A two-phased approach has been implemented to gathering the information that will allow the Working Group to focus on the National Health Insurance schemes most likely to be beneficially associated with the agency plans with, as a measure, the interests of both the agencies and the insured persons.

An initial survey, comprising five questions, was developed and distributed to all Permanent Representatives and Permanent Observers to the United Nations. This was aimed at gaining insight into Member States' willingness to allow officials and former officials access to their National Health Insurance scheme and at getting baseline information regarding scope of coverage versus cost. The initial survey was designed to enable the Working Group to determine:

a) whether coverage under the National Health Insurance scheme is - or could be made available to officials and former officials, and their family members, residing in the Member State, assuming they have never paid into the National Health Insurance scheme but would pay into the scheme from the date of their enrolment;
b) what the monthly premium per person would be for coverage under the National Health Insurance scheme, assuming semi-private accommodation at the time of in-patient medical treatment and free choice of healthcare provider (physician, medical institution, etc.). (It must be noted that allowance was made in the survey for premiums expressed as a percentage of income.);
c) what the base rate of reimbursement of medical costs would be under the National Health Insurance scheme, assuming semi-private accommodation at the time of in-patient medical treatment and free choice of healthcare provider (physician, medical institution, etc.);
d) where a person covered under the National Health Insurance scheme lives in a location bordering on another Member State, whether the National Health Insurance scheme would provide for coverage of medical treatment in a publicly funded hospital in that bordering Member State; and
e) whether the same pricing schedule as that applied to a patient covered under the National Health Insurance scheme would be applied to a patient covered under the National Health Insurance scheme of another Member State, were medical treatment to be obtained in a publicly funded hospital.

The survey could either be completed as a paper document or on an online survey site. Respondents were assured that the data, as well as the analysis of the responses, would be presented in the present follow-up report as a summary. No information specific to a Member State would be incorporated into the follow-up report, nor would deliberations in the legislative bodies in relation to the follow-up report center on information specific to a Member State. Full confidentiality of the information provided would be ensured.

The Working Group will send a follow-up survey to the Permanent Representatives of those Member States whose National Health Insurance scheme coverages are or could be made available to officials and/or former officials of United Nations System agencies, as well as to their dependent family members, living in the Member State. This second survey will be aimed at gathering the more detailed information regarding the terms and conditions of the National Health Insurance schemes that will enable the Working Group to establish a full country-by-country cost and benefit analysis and to assess the effect on ASHI liabilities.

The Working Group has emphasized the complexity of the cost and benefit analysis. Whereas in certain Member States, the contribution to the National Health Insurance scheme is expressed as a flat rate per person, in others the contribution is means tested and expressed as a percentage of income. In yet other Member States, healthcare systems are primarily funded from general taxation and open to all persons ordinarily resident in the Country; free choice of healthcare provider (physician, medical institution, etc.) may be limited, however. In a number of Member States, National Health Insurance schemes and healthcare systems are undergoing change that could affect the longer term validity of the Working Group's analysis in certain cases."

28. The Standing Committee on Health Issues noted that, at this time, the number of responses to the survey received from Member States was insufficient for the Working Group to proceed with a cost/benefit study, draw conclusions and make recommendations. The Working Group's work in relation to Recommendation 4 of the Report of the Secretary-General is therefore ongoing.

29. Recommendation 5 - Broadening of the United Nations Joint Staff Pension Fund mandate

"It is recalled that the ACABQ was not in a position to recommend the endorsement of Recommendation 5 and remained of the view that the funding and administration of ASHI benefits, being an issue of system-wide concern, would be best resolved through a system-wide approach. The Committee recommended that the Working Group continue to examine options for such a system-wide approach, without excluding a potential role for the UNJSPF.

In relation to its endorsement of Recommendations 1 to 3 of the Report of the Secretary-General, the ACABQ recognized the diversity of health insurance plans across the United Nations system both in terms of the markets in which they operate *and of the staff categories they serve. It also recognized the different administration models under which the various plans operate. Nevertheless, it considered that opportunities existed for consolidation for the purpose of achieving economies and efficiencies while maintaining access to quality health care.*

In considering the option of consolidating all United Nations system health insurance plans into a common health insurance arrangement operated under the auspices of the UNJSPF, the Working Group continued to find no evidence that financial, operational or administrative efficiencies could be achieved. This view was shared by both UNJSPF management and the Fund's Board. Both management and the Board also expressed concern about any loss of focus on the part of the Fund, or any compounding of its operational complexity, that could affect delivery in its core Pension business.

However, the Working Group recognizes the need to enable all United Nations system agencies to realize the financial advantages and administrative efficiencies associated critical scale. Opportunities exist for smaller health insurance arrangements to merge or to be incorporated into larger plans along geographical or organizational lines as has been achieved at the United Nations Secretariat, both in New York and at UNOG. This implies that no material discrepancies exist in coverage structure or benefits, and that agreement can be reached between agencies in relation to eligibility, service levels, participation in the funding of administration, representation in plan governance and the development of solvency equalization mechanisms."

30. Recommendation D – It is recommended that consideration of expanding the mandate of the UNJSPF be suspended and that the Working Group concentrate its efforts on promoting consistency in health insurance plan design and plan consolidation along geographic and organizational lines for the purpose of attaining critical scale.

31. Recommendation 6 - Standardizing of the general ASHI liability valuation methodology and application of key valuation factors

"The yearly valuation of the ASHI liability is a snapshot of how officials' and former officials' entitlements to ASHI coverage translate into a United Nations agency's projected share of the cost of that coverage over the long-term. Because the ASHI liability valuation is a point-in-time estimate of future costs based on the staff and retiree profile, as well as on actuarial assumptions as at the date of valuation, year-to-year variances in the valuation can be significant, as the liability is highly sensitive to the values determined for the key actuarial factors. It must also be noted that the methodology applied in determining those values can vary from agency to agency.

United Nations system agencies' ASHI liability valuations are carried out by independent actuaries in accordance with the requirements of International Public Sector Accounting Standards (IPSAS). Because of diverse demographic profiles and contract policies, certain actuarial factors cannot be universally applied to the ASHI liability valuations across the United Nations system. Nor is an agency whose health *insurance is outsourced to a private sector carrier always able to apply all the factors that enter into the ASHI liability valuation of an agency whose health risk is either self-insured or placed within a captive insurance arrangement within the United Nations system.*

Nevertheless, there is scope for agencies to agree on a harmonized methodology for determining the values of a number of key ASHI liability valuation factors. This would allow a more homogenous assessment of the total United Nations system liability, as well as improved agency-to-agency comparison of liabilities across the system.

It is recalled that, in its conclusions in relation to the Report of the Secretary-General (A/70/590), the ACABQ stated its expectation that, to the extent possible, measures would be taken by December 2017 to standardize the general valuation methodology for after-service health insurance liabilities across all United Nations system agencies. Within the framework of the Finance and Budget Network of the HLCM, meeting this expectation was entrusted to the Task Force on Accounting Standards.

The valuation method commonly used across the United Nations system is the Projected Unit Credit Cost method with Service Prorate. With the replacement of the provisions of IPSAS 25 by the provisions of IPSAS 39, the option allowing an agency to defer recognition of changes in its net defined benefit liability (known as the "corridor approach") has been removed. The Task Force agreed that those agencies currently using the corridor method to account for actuarial gains and losses will adopt the reserve method by 2018. Harmonization of the valuation method and the move to the reserve method of accounting will significantly improve comparability.

The Task Force reached broad agreement that a number of key ASHI valuation factors could be harmonized. The financial assumption that most impacts the ASHI liability valuation is the discount rate. An even modest discount rate fluctuation can have a significant effect on ASHI liability valuations. The discount rate is derived from current interest yields and reflects the "time value of money". It is a determining factor in the ASHI liability valuation as ASHI benefits are paid over an extended period. The Task Force agreed in principle that a thirty-year yield curve for high-quality corporate bonds would be identified each year for each of the three currencies in which health insurance benefits are most commonly paid: US Dollar; Euro; and Swiss Franc. These yield curves would be utilized by United Nations system agencies in their ASHI liability valuations, taking into consideration the estimated duration of the future cash flows. The agencies would require that their independent actuaries document, in their valuation reports, how cash flows and yield curves have been applied to arrive at a weighted average discount rate based on health insurance benefit disbursements per currency.

The Task Force agreed that all agencies will use the special year-end United Nations Operational Rate of exchange for currency conversion purposes. It was also agreed that unless inappropriate a number of actuarial assumptions applied in UNJSPF *projections should also be those used in United Nations system agency ASHI liability valuations.*

It was further agreed that a harmonized approach to general inflation could be taken by establishing rates for the major United Nations locations: New York; Geneva; Rome; and Vienna. Other locations could use their own indicative benchmarks to establish general inflation rates. The general inflation rate does not incorporate the medical trend rate which is a percentage variance representing projected price inflation, technology advances, utilization patterns and cost shifting from or to social programmes. Further analysis is required in relation to the medical trend rates to determine whether harmonized geographic assumptions can be established or whether these should be specific to each United Nations system health insurance plan. Analysis may show that a combination of both geographic and plan-specific assumptions is appropriate.

The potential for harmonizing the approach to other valuation factors, such as spousal coverage, plan participation and staff turnover, requires further study. The Task Force will turn its attention to the methodology used in assessing annual health insurance plan administration costs and will work toward a common view of which assets should be considered eligible for use as ASHI liability offsets."

32. Recommendation E – It is recommended that the Task Force remain actively engaged in harmonizing the principles guiding liability valuation.

33. Recommendation 7 - Adequate funding of the ASHI liability

"Pursuant to the provisions of IPSAS the liabilities associated with employee benefits must be recognized in the agencies' financial statements. However, the IPSAS provisions do not stipulate how those liabilities should be funded and it is left to the agencies to determine the most advisable approach to ensuring that adequate resources are available to meet their recognized obligations as they fall due. It is recalled that the ACABQ was of the view – endorsed by the General Assembly - that the rationale for setting aside budgetary resources earmarked for this purpose had not been sufficiently justified by the Secretary-General.

The Secretary-General remains concerned about the level of unfunded ASHI liability that will place financial pressure on future budgets. The employer's share of biennial disbursements in respect of ASHI can reasonably be expected to increase from US$ 218 million in 2016-17 to US$ 353 million in 2024-25 and US$ 719 million in 2040-41. Partial funding of the ASHI liability is therefore proposed, aimed at ensuring prudential control of its escalation and limiting its impact on future budgets.

As stated in the introduction to this report, this proposal is specific to the United Nations system agencies governed by the General Assembly. The Executive Heads of agencies not governed by the General Assembly would need to submit separate funding proposals for consideration by their own governing bodies, or have already done so. It must be noted that a number of governing bodies are awaiting the outcome *of the General Assembly's deliberations to inform their own decisions. Agencies whose governing bodies have already endorsed funding of ASHI liabilities have implemented the funding following various methodologies. While recognizing that the funding of ASHI liabilities is a system-wide issue, the Working Group is of the view that a single system-wide approach to addressing that issue may neither be necessary nor achievable.*

It is proposed to fully fund newly constituted ASHI liability while maintaining the pay-as-you-go (PAYG) approach for the existing liability. In this context, "newly constituted liability" means liability constituted in relation to staff recruited from 1 January 2018 only. Liability in respect of staff members already recruited but not yet entitled to ASHI is included in the assessment of the existing liability, constituted in relation to staff recruited before 1 January 2018. Newly constituted liability would be funded on an annual service cost-plus-interest cost basis, whereas the existing liability would remain unfunded and, after an initial period of continued growth, begin to decline through attrition."

34. Recommendation F. It is recommended that the General Assembly approve the principle of funding of the after-service health insurance liability in respect of officials recruited from 1 January 2020 so as to fully cover the United Nations pay-as-you-accrue obligation to those officials, as from the date of their retirement. It is also recommended that the proposed funding be confirmed by the Assembly at its seventy-second session based on a fully detailed projection reflecting the 1 January 2020 implementation date.

35. Recommendation 8: Investment of reserves

"The Working Group, in considering avenues for the investment of funds earmarked for the coverage of ASHI, recommended that United Nations system organizations explore opportunities through the Working Group on Common Treasury Services, established by the Finance and Budget Network of the High-level Committee on Management, for cooperation in leveraging existing arrangements with external asset managers, with a view to maximizing returns and minimizing management fees.

The Working Group cautioned that the consolidation of after-service health insurance reserves by multiple organizations for investment purposes would present particular challenges owing to both different liability funding needs and levels and ownership and governance issues. Based on the conclusion that a joint health insurance arrangement would be inadvisable, co-mingled investments would have equally limited applicability. Nevertheless, the sharing of investment strategies and joint bidding for investment managers of individual portfolios is an area that the Working Group was committed to exploring further.

As the General Assembly had taken no decision regarding the funding of ASHI liability at the time of the Working Group's recommendation, the Advisory Committee was not in a position to recommend its endorsement. However, while not ruling out the possibility *of establishing an interagency facility for the investment of accumulated reserves, the Committee saw merit in the Working Group's recommendation.*

A Request for Proposals was issued by UNDP on behalf of the United Nations Capital Development Fund (UNCDF), UNDP, UNFPA, UNICEF and UN-Women, all New York-based organizations, which resulted in the selection of two external investment management firms charged with the investment of after-service health insurance-related reserves totalling over $1.1 billion. These assets are invested in accordance with instructions received from a common investment management committee, comprising representatives of the five organizations. The assets are pooled for investment purposes, but are ring-fenced in separate organization-specific accounts lodged in a common bank. This cooperative approach is intended to result in lower management fees and better investment returns than were previously experienced, and in a better alignment of the investment of the after-service health insurance-related assets to the underlying liabilities.

In support of a number of United Nations system organizations that have set aside reserves earmarked for the coverage of their after-service health insurance liabilities, the Working Group on Common Treasury Services is pursuing opportunities for collaboration along the lines of the initiative of UNCDF, UNDP, UNFPA, UNICEF and UN-Women. This will serve as a sound foundation pending decisions by the General Assembly and other United Nations system governing bodies related to the funding of after-service health insurance liabilities."

36. Recommendation G. It is recommended that the Working Group on Common Treasury Services, established by the Finance and Budget Network of the High-level Committee on Management, continue to promote inter-agency collaboration with respect to the investment of funds earmarked for the coverage of after-service health insurance liabilities.

C. Recommendations of the ACABQ on the Report of the Secretary-General

37. On 28 February 2017, the ACABQ considered the Report of the Secretary-General and made the following observations and recommendations (Document A/71/815):

I. **The Advisory Committee recommended that the General Assembly endorse recommendations A, B and C contained in the report of the Secretary-General.**

II. The Advisory Committee noted that the information-gathering in relation to national health insurance schemes of Member States was ongoing and that no recommendation had been proposed by the Working Group at this stage. **The Committee recommended that the Secretary-General appeal to all Member States to respond to the surveys of the Working Group.**

III. The Advisory Committee was of the view that the role of the United Nations Joint Staff Pension Fund to provide a cost-effective solution in terms of investing assets set aside to fund future after-service health insurance benefits could be explored by system organizations whose governing bodies have approved such funding. **The Committee was not in a position to recommend endorsement of recommendation D.**

IV. The Advisory Committee expected that the next report of the Secretary-General would contain information submitted by the Working Group on a common view on which assets should be considered eligible for use as after-service health insurance liability offsets.

V. **The Advisory Committee recommended that the General Assembly endorse recommendation E of the Working Group.** The Committee looked forward to receiving information on actuarial valuations of after-service health insurance liabilities of the United Nations system organizations following a harmonized methodology.

VI. The Advisory Committee recalled that the General Assembly had considered that the existing pay-as-you-go approach remained a viable approach, and endorsed the Committee's recommendation that the Organization continue with the pay-as-you-go approach at the present time (resolutions 68/244 and 70/248 B).

VII. Furthermore, the Advisory Committee was of the view that the current funding proposal for after-service health insurance liability had not been presented in a comprehensive manner and failed to consider different scenarios and variables that could have a potential impact on the liability, such as: (a) information on access to national health insurance schemes and its potential impact pending the ongoing surveys and cost and benefit analysis; (b) comparable information on liability valuations pending the methodology harmonization exercise; and (c) inclusion of projections for peacekeeping operations.

VIII. Taking into account the above, the Advisory Committee was not in a position to recommend endorsement of recommendation F.

IX. The Advisory Committee noted that the General Assembly had not taken a decision on the funding and investment of after-service health insurance liability for the organizations under its purview. For those entities that have their own governing bodies and have set aside reserves earmarked for the coverage of their after-service health insurance liabilities, the Committee welcomed the efforts of the Working Group on Common Treasury Services to pursue opportunities for collaboration.

X. The Advisory Committee recommended that the General Assembly endorse recommendation G.

38. To summarize, the ACABQ recommended endorsement of recommendations A, B, C, E and G. It recommended against endorsement of recommendations D and F and subject to the above comments and recommendations, the ACABQ recommended that the General Assembly:

a) *Take note of the Report of the Secretary-General;*

b) *Request that the Secretary-General maintain the Working Group and report to the General Assembly at its seventy-third session."*

D. 71st Session of the General Assembly

39. On the basis of the recommendations of the ACABQ, the General Assembly, on 6 April 2017, at its 71st Session, **took note of the Report of the Secretary-General and endorsed the conclusions and recommendations contained in the report of the ACABQ** (A/RES/71/272 B-IV).

V. CONCLUSIONS OF THE FAFICS REPRESENTATIVES ON THE FB NETWORK WG ON ASHI

40. The WG on ASHI was maintained by the above-mentioned General Assembly resolution. The WG still has numerous tasks to perform before its mandate comes to an end (currently assessed at October 2018) or it is transformed into a Standing Group.

41. There are still areas where there exist divergences of views:

- Pay-as-you-go approach versus pay-as-you-accrue approach;
- Funding of ASHI liabilities;
- Broadening of the UNJSPF mandate.

42. Other areas need further work, including collection of relevant data from Member States and UN organizations and in-depth analysis by the Working Group:

- National Health Insurance Schemes ;
- Health Insurance plan design and plan consolidation ;
- Consolidation of small UN self-insured health plans in order to achieve critical scale.

VI. DISCUSSION BY THE STANDING COMMITTEE ON HEALTH ISSUES AND GUIDANCE TO THE FAFICS REPRESENTATIVES ON THE FB NETWORK WG ON ASHI

Summary

43. The question of acquired rights was raised and the Standing Committee was informed that a legal opinion had been obtained from the UN Office of Legal Affairs (OLA) in March 2017 on the legal foundation for the UN's obligation in respect of the provision of health insurance. It is attached as an annex to the report of the Standing Committee on Health Issues.

44. In answer to a question as to whether the current FBN WG on ASHI's work was to focus only on after-service health insurance, it was recalled that the pertinent UNGA resolution (A/RES/68/244) had to do with health insurance arrangements in respect of both active and retired staff, and that the title of the FBN WG on After-service Health Insurance was misleading. A further remark was made as to UN system staff representatives' long lack of focus on the issue of health insurance, subsequently partly compensated by FICSA's later participation in the work of the FBN WG on ASHI after receiving a briefing by FAFICS.

45. A view was expressed that it would be beneficial for Organizations and staff/retired staff to keep control of their health insurance plans where possible –there existed three major self-managed and self-insured plans. Other Organizations had different arrangements for the administration of health insurance plans, such as self-insured but not self-managed, or outsourced for both insurance and administration purposes.

46. A participant pointed out that, while certain Organizations had joined larger Organizations' health insurance plans (consolidation), in some cases the opposite development had recently taken place, namely 'divorce', such as had recently happened with one Organization not being able to continue joint coverage under a larger Organization's plan. Another Organization was in the process of doing a market survey in order to find out whether the same level and quality of health insurance coverage could be obtained at lower cost in comparison with current joint coverage arrangements with a larger Organization.

47. It was further recalled that the Joint Inspection Unit (JIU), some 12 years ago, had prepared a report suggesting that all UN entities should have a single concept as concerns health insurance. At the time, it had been noted that Organizations had different mandates, different operational environments and different insured populations and that their health insurance plans had initially been devised to meet the specific needs of each Organization –and it was too late to introduce a common single concept for health insurance.

48. Another remark made was to indicate that, while in general General Service staff could expect to have a long affiliation period with their Organizations' health insurance plans, many internationally-recruited staff tended to be recruited at a later stage in life and therefore with a shorter period of affiliation with their Organizations' health

insurance plans and less chance of remaining covered by such plans upon separation from service.

49. It was noted that existing plans providing world-wide coverage were beneficial to those insured under such plans.

50. It was further noted that, in certain countries, staff in government departments were insured by plans managed by commercial health insurance companies/brokers. In some other countries, every citizen/legal resident had to be insured under plans managed by commercial health insurance companies/brokers.

VII. CONCLUSIONS OF THE STANDING COMMITTEE ON HEALTH INSURANCE AND GUIDANCE TO THE FAFICS REPRESENTATIVES ON THE FB NETWORK WG ON ASHI

51. WG recommendations:

51.1 Recommendation A –It is recommended that the Working Group established by the Secretary-General under the auspices of the Finance and Budget Network of the HLCM be maintained to ensure continuity in promoting terms and conditions of service aligned to best practice, cost containment and control in the area of third-party administration of health insurance plans.

The Standing Committee noted that the General Assembly at its 71st session, had decided to maintain the FB Network Working Group on ASHI.

51.2 Recommendation B – It is recommended that the Working Group pursue opportunities for agencies based in all locations to cooperate in developing their health insurance plans' access to healthcare provider networks in all regions, to ensure that best pricing for quality health care is achieved and pricing volatility minimized.

The Standing Committee noted that Recommendation B had been endorsed by the General Assembly.

51.3 Recommendation C – It is recommended that the Working Group urge agencies to adjust confidentiality clauses in insurance policies and contracts with TPAs that currently preclude the sharing of information within the United Nations system, and implement regular system-wide underwriting reviews aimed at enabling United Nations system agencies to leverage scale and technical experience in negotiating terms and conditions of insurance with health insurance carriers. It is further recommended that the Working Group promote risk pooling wherever practicable, including within captive insurance arrangements where appropriate.

The Standing Committee noted that Recommendation C had been endorsed by the General Assembly.

51.4 Recommendation D – It is recommended that consideration of expanding the mandate of the UNJSPF be suspended and that the Working Group concentrate its efforts on promoting consistency in health insurance plan design and plan consolidation along geographic and organizational lines for the purpose of attaining critical scale.

The Standing Committee reiterated its view that the Pension Fund should not be involved in the administration of health insurance –a view shared by both the UNJSPF management and the Fund's Board. As to promoting consistency in health insurance plan design, as each plan has been designed to match each Organization's mandate, operational environment and population –**modifying plan designs would be moving in the wrong direction.**

The Standing Committee noted that the General Assembly had not endorsed Recommendation D.

51.5 Recommendation E – It is recommended that the Task Force (on Accounting Standards) remain actively engaged in harmonizing the principles guiding liability valuation.

The Standing Committee noted that the General Assembly had endorsed Recommendation E.

51.6 Recommendation F – It is recommended that the General Assembly approve the principle of funding of the after-service health insurance liability in respect of officials recruited from 1 January 2020 so as to fully cover the United Nations pay-as-you-accrue obligation to those officials as from the date of their retirement. It is also recommended that the proposed funding be confirmed by the Assembly at its seventy-second session based on a fully detailed projection reflecting the 1 January 2020 implementation date.

The Standing Committee noted that Recommendation F had not been endorsed by the ACABQ as it was of the view that the funding proposal had not been presented in a comprehensive manner and did not consider different scenarios and variables that could have a potential impact on the liability, such as (a) information on access to national health insurance schemes and its potential impact pending the ongoing surveys and cost and benefit analysis, (b) comparable information on liability valuations pending the methodology harmonization exercise and (c) inclusion of projections for peacekeeping operations.

It was recalled that the adoption of international accounting standards (IPSAS) had revealed the fact that most Organizations of the UN System had not been setting aside reserves for funding health insurance liabilities. It was now difficult for Organizations to match accumulated liabilities and assets.

It was noted that UNESCO would be creating a reserve fund for such liabilities from January 2018.

The Standing Committee recognized that active and retired UN system staff had an interest in having health insurance plans which were sustainable in the long term. **It therefore requested that the FAFICS representatives on the FB Network WG on ASHI continue to express FAFICS' carefully considered views as concerns adequate funding of ASHI liabilities and to work gradually towards a move from the pay-as-you-go system to the pay-as-you accrue system.**

51.7 Recommendation G – It is recommended that the Working Group on Common Treasury Services, established by the Finance and Budget Network of the High-level Committee on Management, continue to promote inter-agency collaboration with respect to the investment of funds earmarked for the coverage of after-service health insurance liabilities.

The Standing Committee noted that the General Assembly had endorsed Recommendation G.

51.8 National Health Insurance Schemes (see paragraph 27)

The Standing Committee noted that at this time, the number of responses to the survey received from Member States was insufficient for the Working Group to proceed with a cost-benefit study, draw conclusions and make a recommendation. The Working Group's work in relation to Recommendation 4 of the Secretary-General's report was therefore ongoing. The Standing Committee further noted that ACABQ had recommended that the Secretary-General appeal to all Member States to respond to the surveys of the FB Network WG on ASHI.

The Standing Committee recognized that there existed a risk that the Working Group be pushed along in the direction of national health insurance schemes in view of pressure exerted by some Member States. It was necessary to maintain proper standards.

It was recalled that, at its 2016 session, Council had expressed strong reservations as to the possible recourse to national health insurance schemes as primary insurers, taking into account also that:
- there were countries which did not have a national health insurance scheme;
- there were countries which had very limited national health insurance schemes;

- there could be a risk that certain countries with limited health insurance provisions might respond favourably to the WG's question as to potential feasibility of recourse to their national health schemes without being able to meet the standards of health insurance coverage provided by the present UN health insurance schemes,

Doubt was expressed as to the willingness of Member States to take on responsibility for health insurance coverage for UN system active and retired staff who had never contributed to the respective national health insurance plans.

After discussion, the Standing Committee concluded that in various areas of the world there was no access to adequate health insurance services for a number of reasons, as indicated by several Associations. **The Council should therefore request the FAFICS representatives to bear in mind the views expressed by Associations on national health insurance schemes.**

The Standing Committee was reminded that, once the necessary pertinent information was received from Member States, the FBN WG on ASHI would proceed with a cost-benefit analysis in order to determine whether potential recourse to countries' national health insurance schemes as primary insurers would be beneficial to both Organizations and active and retired staff, would provide same-level scope and quality of coverage and would result in significant savings without being detrimental to staff and retired staff.

It was also recalled that the structure, funding and functioning of national health insurance plans differed substantially from one country to the other.

It was pointed out that in some countries, health insurance coverage at the national level was funded by income tax –therefore recourse to such national health schemes would necessarily involve a higher level of income taxation, whereas the coverage available from Organizations' health insurance plans was based on contributions paid by the Organizations and active and retired staff.

Agenda item 3

Representation of retirees on health insurance executive/management committees of UN agencies

A representative of AAFI-AFICS introduced the subject, indicating that the Association would like that the representation of retirees on health insurance be at the same level across the Organizations of the UN system.

At the Executive Committee of UNSMIS, the UNOG/WMO health insurance plan, retirees participated as observers.

Yet, there were many arguments in favour of full representation of retirees in such committees:

- observers lack the necessary authority to participate fully in the work and decision-making;

- retired staff pay their contributions to their health insurance plan as active staff do;

- retired staff constitute a sizeable proportion of the population insured under their plan –at UNSMIS, retirees represent more than 25% of the insured population;

- retired staff have specific characteristics and issues, different from those of active staff, all of which call for them to be fully represented in executive/management committees (those specific issues include, but are not limited to, age, age-related problems/pathologies, requirements for adapted treatment).
  AAFI-AFICS therefore proposed that the President of FAFICS write to the UN Secretary-General in his two capacities as Secretary-General and Chair of the High-Level Committee on Management to request him to put a mechanism in place which would provide for retirees' full representation on the Executive/Management Committee of health insurance plans in the UN, such as UNSMIS, bearing in mind also the Pension Board's decision some time ago that FAFICS be represented at the Pension Board by representatives rather than by observers.

Support was expressed by the Standing Committee for AAFI-AFICS' proposal that FAFICS request that retirees have full representation on Executive/Management Committees of health insurance plans in each Organization. The President of FAFICS would therefore write to the Secretary-General requesting action on this proposal.

Appendix 7

Approved budget for 2018

Introduction

1. In accordance with article 5.9 of the Rules of Procedure, the proposed budget for the year 2018 was submitted in the present document. It was subsequently approved by Council (see paragraph 146).

2. The Council, at its 37th 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 42nd session in 2013, the Council approved a contribution rate of USD 1.50, to be applicable as of 2014.

3. The Secretary and the Treasurer prepared the budget proposal for 2018 in line with the above.

Income estimate for 2018

Income item	USD
Member contributions (18,500 X USD 1.50)	27,750
Interest income	250
Total estimated income	28,000

Observations

4. Membership contributions
The estimate of contributions by member Associations is based on preliminary membership data as at 1 January 2017, 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 18,500. (see Addendum 1 below)

5. Bank interest
The estimate for interest earnings in 2018 is USD 250. This reflects currently low interest rates that are however expected to raise.

Expenditure estimate for 2018

Expenditure item	USD
Travel of Secretariat members	8,500
Participation in Bureau meetings	11,000
Representation	4,500
Official functions	600
Secretarial assistance	2,000
Equipment	-
Office supplies	500
Bank charges	400
Communications	200
Miscellaneous	800
Total estimated expenditure	28,000

Observations

6. Travel of Secretariat members
This budget line covers the travel and partial daily subsistence allowance of the President, the Secretary and, if necessary, the Treasurer attending the 47th session of the FAFICS Council as well as the 2018 mid-term meeting of the Bureau. It is assumed that in 2018 the FAFICS Council will again be held at the same location as the session of the UN Joint Staff Pension Board.

7. 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.

8. Representation
This budget line meets the cost of participation in advocacy activities of importance to FAFICS, such as to promote the FAFICS position on specific issues like ASHI. It should be noted that, following a decision of the 44th Council, a reserve of USD 6,000 has been set up to be used, if necessary, as additional funding of such activities.

9. 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.

10. Secretarial assistance
This item is intended to cover temporary assistance during the 2018 Council session.

11. Equipment
Purchase of equipment is not planned for 2018.

12. Office supplies
This item covers the cost of stationery.

13. Bank charges and communications
The amounts are budgeted in line with current expenditure figures.

14. Miscellaneous
The budget line has been introduced following a proposal made at the 43rd session of the FAFICS Council in Rome.

15. A comparative table showing budgets and actuals of prior years is attached to the present document (see Addendum 2 below)

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Addendum 1

FAFICS membership as at 1 January

(Based on data at hand on 15 April 2017**.** An asterisk indicates that the figure is from 2016 or earlier)

AFICS-Argentina	183	
AAFICS-Australia	260	*
ARICSA-Austria	1226	
AFUNSOB-Bangladesh	212	
AAFNUB-Benin	25	*
AFICS-Bolivia	50	*
AAFIB-Brazil	162	
AAFNU-Burkina Faso	120	
CAFICS/ACAFI-Canada	614	
AFICS-Chile	530	
ASOPENUC-Colombia	150	
ACAFNU-Brazzaville-Democratic Rep. of Congo	138	
ARNUC-Kinshasa-Congo	75	*
ACEFUN-Costa Rica	45	
AEFNUC-Cuba	48	
AFICS-Cyprus	69	
AEFSNU-Ecuador	49	*
AFICS-Egypt	37	*
AFICS-Addis Ababa	508	*
AAFU/AFUS-France	1496	
APUNG-Greece	52	
AFUNPI-Bangalore-India	400	
UNPA-New Delhi	398	*
AFUNPR-Indonesia	90	*
IAFICS-Israel	20	
FFOA-Rome-Italy	2276	
FOA-Turin-Italy	114	
AFICS-Japan	77	
AFICS-Kenya	40	*
AFICS-Lebanon	50	
AFICS-MSB Malaysia, Singapore and Brunei	37	
AMAFINU-Mali	85	
AFICS, Mauritius	25	
AFPNU-Mexico	110	
IGFICS-Myanmar	62	
RUNSAN-Nepal	94	
AFICS-Netherlands	192	
AFUNO-New Zealand	42	*

Nicaragua	20	*
Niger	51	
AFUNCS-Nigeria	48	*
PAFICS-Pakistan	65	
APEFONU-Paraguay	31	
AEFNUP-Peru	70	
AFICS- Philippines	108	
AFICS-Russia	6	(plus about 290 members who receive no UN pension)
AFIJUB Spain	170	
AFICS-Sri Lanka	51	*
AAFI-AFICS-Geneva	3442	
UNAPATA-Tanzania	52	*
AFICS-Thailand	320	
ATAFONU-Togo	47	*
AFICS-Kiev Ukraine	3	(plus 29 members who receive no UN pension)
BAFUNCS-United Kingdom	804	
AFICS-New York	2908	
AFICS-Uruguay	72	
Associated Members		
ARICSCAM, Cameroon	34	*
UNPAS, Somalia	67	
Provisional total	**18530**	

Addendum 2

Comparative table: budget years 2013-2018 (all amounts in USD)

Expenditure item	2018 Budget proposal	Approved 2017 Budget	2016 Accounts	2015 Accounts	2014 Accounts	2013 Accounts
Travel	8,000.00	7,500.00	7,311.29	6,164.89	9,935.05	18,284.59
Participation in Bureau meetings	11,000.00	11,000.00	6,400.00	8,278.00		
Representation	4,500.00	4,300.00	2,093.36	3,040.80		
Official functions	600.00	600.00	0.00	3,255.87	1,532.79	1,299.04
Secretarial assistance	2,000.00	2,000.00	2,012.41	2,123.74	784.11	0.00
Equipment	0.00	0.00	0.00	0.00	0.00	0.00
Office supplies	500.00	500.00	92.19	289.26	0.00	244.14
Bank charges	400.00	400.00	188.12	344.51	202.56	226.71
Communications	200.00	200.00	120.00	0.00	0.00	34.25
Contributions	0.00	300.00	310.24	620.21	653.56	683.77
Miscellaneous	800.00	800.00	0.00	47.70	45.90	0.00
Total expenditure	28,000.00	27,600.00	18,527.61	31,764.98	13,153.97	20,772.50
Total income	28,000.00	27,600.00	25,967.20	27,408.85	26,885.56	25,800.43
Excess of income over expenditure / expenditure over income (-)			7,439.59	-4,356.13	13,731.59	5,027.93