

Forty-seventh session of the FAFICS Council

Rome, 20-25 July 2018

Summary of Significant Decisions of the Council

- Two new associations joined FAFICS, namely Mauritania and Madagascar, bringing the total to 63. (Agenda Item 1)
- The Council rejected the recommendations in the OIOS Audit of the Governance of the Pension Board that proposed direct election of retiree representatives to the Pension Board (see Agenda Item 5a). The Council drafted a strong communique that regrets the audit report's error-ridden status and lack of dialogue in the audit process and rejects the recommendations that interfere in the internal procedures of FAFICS and exceed the OIOS mandate (Agenda Item 13f).
- The Council rejected the recommendations in the same audit calling for more frequent meetings of the Pension Fund's Standing Committee (Agenda Item 5a)
- The Council opposed a recommendation in the HLCM's FB Network Working Group on ASHI to increase the eligibility tenure for After-Service Health Insurance to 15 years and presented its own recommendation, based on reduction factors for staff who retire early. (Agenda Item 7)
- The Council elected Marco Breschi, FFOA, as the new FAFICS President, thanking Linda Saputelli for her four years as President and awarding her the status of President Emeritus and designating her as a Special Advisor to the FAFICS Bureau for the coming year (Agenda Item 10a). The Council elected Pierre Sayour, AAFI-AFUS France, as the new FAFICS Secretary, replacing Jay Sundaresan who had served for eight years. The Council thanked Mr. Sundaresan for his service and awarded him the status of Secretary Emeritus.
- The Council elected new vice-presidents, namely Katia Chestopalov (AAFI-AFICS Geneva), Ari Toubou Ibrahim (AAFNU-N. Niger), Mario La Fuente (AFICS-Chile), Junko Sato (AFICS-Japan), Carlos Santos Tejada (AFICS-Panama), A.K. Masood Ahmed, (AFUNSOB Bangladesh) and Jerry Barton (ARICSA Austria) (Agenda Item 10a). The existing officers of the Standing Committees were appointed for another two-year term (Agenda Item 10b). Wolfgang Milzow continues as Treasurer.
- Considering the ongoing issues and the OIOS audit, in the interest of continuity the Council agreed that the present representatives of FAFICS to the Pension Board should continue for another year (Agenda Item 11).
- The Council also confirmed Adama Pierre Traoré, the President of AAFNU-BF (BurkinaFaso) as Special Advisor for the establishment of new associations.

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
FAO	Food and Agriculture Organization
FB Network	Finance and Budget Network
FFOA	Former FAO and Other UN Staff Association
HLCM	High-level Committee on Management
GA	General Assembly
IMD	Investment Management Division
IPAS	Integrated pension administration system of the UNJSPF
MSS	Member self-service system
RSG	Representative of the Secretary General for the investment of the assets of the UNJSPF
SG	Secretary General of the United Nations
SPC	Staff Pension Committees
UMOJA	A software system for management of the United Nation's resources and programmes
UN	United Nations
UNJSPF	United Nations Joint Staff Pension Fund
UNOG	United Nations Office at Geneva
UNON	United Nations Office at Nairobi
UNOV	United Nations Office at Vienna
USD	United States dollar

Report of the session

1. The forty-seventh session of the Council of the Federation of Associations of Former International Civil Servants (FAFICS) was held from 20 to 25 July 2018 at the Food and Agriculture Organization in Rome, Italy.
2. The session opened on the morning of 20 July. Prior to that, the FAFICS Bureau had met in the afternoon of 19 July. The Standing Committee on ASHIL Issues chaired by Georges Kutukdjian had convened in the morning of 20 July, while the Standing Committee on Pension Issues under the chairmanship of Gerhard Schramek had met during the afternoon of the same day.

Opening session

3. The President, Linda Saputelli, formally declared the plenary meeting open on 23 July 2018 at 09:45 a.m.
4. Alan Prien, President of FFOA, the host association, welcomed the delegates to Rome (see Appendix for the list of participants).
5. Linda Saputelli, FAFICS President, opened the session and the delegates introduced themselves and stated the proxies that they carried.
6. Mr. Daniel Gustafson, Deputy Director General of FAO for Programming, welcomed the delegates to FAO, the hosting organization. He stressed that he was aware that the issues in front of the Council are not only for current, but also future beneficiaries. FAO will continue to host FFOA. On behalf of FAO, he congratulated the delegates on the excellent voluntary work.

Agenda Item 1: Adoption of the Agenda and Work Plan

7. Concerning the Work Plan (document D.1a/Rev.1), a proposal was made to move agenda item 11, the appointment of the FAFICS representatives to the Pension Board, to the second day of the meeting. It was agreed that it would be taken up as soon as time permitted and that the work plan as submitted would not be formally changed.
8. Concerning the Agenda (document D.1), an inquiry was made as to whether the procedure for appointment of the FAFICS representatives to the Pension Board could be discussed. As it is part of the Rules of Procedure, it was decided that such a discussion could be initiated in the handling of Agenda Item 8, Changes to the Rules of Procedure.

9. It was noted that two items had been submitted under Agenda Item 13, Other Business, namely two notes on Ageing by AAFI-AFICS Geneva and AFICS-Mauritius.

10. The Agenda and Work Plan were approved as submitted with the two items under Other Business. During the Council, four additional items were added under Other Business.

Agenda Item 2: Election of the Presiding Officer and the Rapporteur.

11. Mr. Alan Prien, President of FFOA, was proposed for the role of Presiding Officer and was elected by acclamation.

12. Mr. Jerry Barton, President of ARICSA, was proposed for the role of Rapporteur. He had agreed at the last minute to be nominated, due to the inability of the usual rapporteur to come to Rome. **He was elected by acclamation.**

Agenda Item 3: Membership Matters

13. The item was introduced by the FAFICS Secretary, Jay Sundaresan.

14. Due to the extensive work between the FAFICS office and Pierre Traoré, the FAFICS Special Advisor on Membership, two new associations have applied to join FAFICS, namely AAFNU-MR Mauritania and AAFNU-MG Madagascar. Both associations fulfil all the FAFICS requirements for membership, although Mauritania is awaiting certification.

15. During the discussion, extensive thanks were offered both to the Secretary and to Pierre Traoré for their work. In addition, it was noted that:

- a. The association in Portugal was expected to fulfil the requirements for membership this year, and the visit last year by the FAFICS President was much appreciated. Due to a change in leadership in the association, there has been a delay;
- b. Assistance by member associations is also needed in the process of helping new associations form and become FAFICS members;
- c. The UNJSPF is a valuable resource in that they are the only organization that can contact all retirees, whether or not they are members of a retiree organization. Many associations have used their services to transmit information, such as brochures and information about services provided by their

associations, and the results have generally been a good growth in local association membership.

16. The Council accepted the membership of the two above associations and welcomed them.

17. The Presiding Officer summarized the discussion, noting that FAFICS also welcomes the full membership of Panama. Thanks were due to Pierre Traoré for his work in Africa and to the FAFICS Secretary, and to the volunteers for further work in Asia and in Latin America, who were encouraged in their efforts to contact and obtain support from the local UN representative offices. All member associations were encouraged to make use of the UNJSPF's offer to send letters to all retirees in their areas.

Agenda Item 4: Report of the President

18. The Report of the President is given in full in Appendix 4.

19. The President welcomed the two new associations, bringing the membership of FAFICS to sixty-three associations.

20. The President noted that the previous year had seen a significant amount of substantive work on issues critical to the future growth and role of FAFICS. FAFICS has a strong voice and is respected but must continue to be vigilant and ensure that the members of individual associations are informed of the challenges.

21. Specific mention was made of the good work of the FAFICS representatives to the Working Group of the FB Network of the HLCM on After Service Health Insurance issues, since this WG will be completing its work and reporting to the General Assembly this year.

22. Extensive mention was made to the draft reports of the OIOS audit of the governance of the Pension Board, which include recommendations that are critical to internal procedures of FAFICS. The draft reports appear biased and the process has been unprofessional. The audit report will be discussed at the upcoming Pension Board and strong representation by FAFICS is essential.

23. FAFICS faces some critical transitions. The President has finished her four years in this role, and the FAFICS Secretary, Jay Sundaresan, is retiring after eight years in that position. Several of the vice-presidents have finished their terms as well. The President thanked Warren Sach and Marco Breschi for their work on 2017 Pension Board Budget Working Group. In addition to FAFICS transitions, the Deputy CEO of the Pension Fund is retiring and the CEO of the Fund remains on sick leave.

24. In the discussion of the President's Report, the members thanked the President, with appreciation for the report and for her work, stating that she has been working to protect the interests of all retirees. During the discussion, the following points were raised:

- a. The report of the President could include follow-up from previous Council decisions, since we have no such specific item on the agenda;
- b. It is essential that also in the future FAFICS elect well qualified people to represent FAFICS who understand the topics;
- c. As always, communications between the leadership (President, Secretary, and Bureau) and the member associations can be increased, which is important when events happen quickly – briefings, newsletters, web site;
- d. Individual member associations should strongly support FAFICS, based on verifiable information provided by FAFICS – FAFICS could suggest follow-up actions for member associations. There has been progress in the last four years, but challenges remain. FAFICS should stand united, with stronger communications and ensuring continuity in its leadership;
- e. Regarding some of the challenges – especially those arising from the draft OIOS audit reports – a strong communique should be issued by FAFICS to the Pension Board and to each FAFICS member association and to staff associations.

25. The President summarized the discussion and thanked the delegates for the kind words. She noted that interim information can also be gleaned from the Bureau reports and that liaison with staff associations can be increased. She strongly deplored the statements from the UN Staff representatives that, in addition to current staff, they represent retirees. The delegates again expressed their recognition of her diligent work and congratulated her on her hard work and achievements on behalf of FAFICS and all retirees.

Agenda Item 5a: Report of the Standing Committee on Pension Issues

26. The Chair of the SCPI, Gerhard Schramek, introduced the report, that is given in full in Attachment 5 below.

27. The delegates welcomed the report with appreciation. In the course of the discussion

- a. Clarity was provided that slightly different methodologies lead to the apparent difference between the 'fully funded' and the 'minimal deficit' statements concerning the financial status of the Pension Fund;

- b. Confirmation was given that, if a country were to leave the Euro-zone, that local track recipients of pension would revert to the US Dollar track;
- c. The importance of responding strongly to the OIOS audit recommendations was confirmed.

28. The Council confirmed the SCPI's recommendation to reject the OIOS recommendations regarding the direct election of retiree representatives as well as the proposal by the UNSPC participants' representatives to have the Pension Board start work on a process for direct elections of retiree representatives on the Pension Board by all retirees.

29. The Council confirmed the SCPI's recommendation to reject the OIOS recommendation and the proposal by the UNSPC participants to increase the frequency of the meetings of the Board's Standing Committee.

30. In further discussion, it was pointed out that the OIOS audit procedure needs clarification and appears unprofessional. The Chair of the SCPI pointed out that a member of the AFICS-NY Governing Board had distributed confidential documents. The President of AFICS-NY responded that the issue will be discussed at the upcoming meeting of the Governing Board in August 2018.

Agenda Item 5b: Situation of the former UNJSPF Participants in the former USSR, Ukrainian SSR and Byelorussian SSR

31. Regrettably, representatives of the AFICS associations in Moscow and Ukraine could not be present, due to health reasons. The item was introduced by Katia Chestopalov from Geneva. She gave the history of this item, including the fact that an agreement was almost reached with the Russian Federation several years ago, but the various ministries could not reach consensus on agreeing to reimburse the UNJSPF with the funds sent by the Pension Fund to the USSR on behalf of the beneficiaries.

32. During a frustrating discussion, many points were raised including those in the background paper, including:

- a. FAFICS must keep this item on its agenda;
- b. This item cannot be brought to the General Assembly again, following a GA decision in 2002 to close it;
- c. There are approximately 700 people affected, although exact numbers are impossible to determine;

- d. The funding requirements are low – in the 1990s an estimate of \$37 million was made when about 1600 retirees were affected;
 - e. The Pension Fund could theoretically make an *ex gratia* payment from its investment assets to restart the pension payments for the affected beneficiaries, but only the GA could approve this measure – so that route is not an option.
33. The Presiding Officer summarized the item, stating that there was a consensus that FAFICS should again write to the Secretary General, and that the incoming FAFICS President could investigate the possibility of a trip to Moscow to discuss the issues. He further stated that all in FAFICS have tremendous sympathy for those affected, but the number of roadblocks makes the entire matter very frustrating. (Subsequent to the Council, the new President raised the matter with a Russian rep during the Pension Board & was offered advice for follow-up, upon which he will report subsequently.)

Agenda Item 6a: Meeting with the Deputy CEO of UNJSPF, Mr. Paul Dooley

34. Mr. Dooley enhanced his remarks with a presentation (see Appendix 8).
35. He noted that in 2018, the Pension Fund is in a very good financial position, in almost perfect actuarial balance & with an unqualified audit opinion on the 2017 financial statements (i.e. the accounting conforms to accepted accounting standards and does not hide any facts).
36. The message of the Board from 2017 was clear: focus on core activities. Since then, the Fund has focused on standardization and stabilization. With an average of 1000 cases monthly, the Fund is processing 80% of initial benefit cases within the same month in which all documents are received (half within 12 days, 64% within 15 days, 90% within two months, 100% within three months). The Fund starts acting when the first required document is received, but it is very difficult to know who is really retiring and who is expecting an additional posting. The Fund is looking at ways to better integrate its IPAS processing system with the UN Secretariat's UMOJA administrative system.
37. He noted that many new initiatives had been implemented: a call center, new member self-services and dashboard, a liaison office in Nairobi, expanded outreach activities, increased processing rates, special death-related contact means, with people trained in sensitivity, and toll-free numbers in 28 countries going live soon. With the growth in the number of retirees (now near 80,000 in 130 countries), the processing of the annual Certificates of Entitlement bears examination.

38. Concerning the OIOS audit of the governance of the Pension Board, the results of which are on the Pension Board agenda, he stated that the Fund's secretariat was not involved directly, but that inaccuracies in the draft reports had been reported to the Office of the Pension Board's Chair. He noted that the means of response needs to be decided by the Pension Board, but expects that, as professionals, the groups affected will defend themselves and pass accurate information to the General Assembly.
39. During the extensive and lively question and answer period (which took place in two sessions), the delegates thanked Mr. Dooley enthusiastically for his hard work over the years, and for taking the time to attend the Council meeting – especially since he is filling in for the CEO and preparing for the Pension Board meeting and preparing for his own retirement. The following themes emerged from the give and take:
- a. FAFICS delegates hope that Mr. Dooley will consider the possibility of some overlap with the incoming new DCEO;
 - b. The new Pension Fund Liaison Office in Nairobi was profoundly welcomed, and numerous suggestions for additional such offices were rendered (e.g. Burkina Faso, Philippines, Ethiopia, Chile, Panama, Bangladesh, Senegal);
 - c. FAFICS member associations found the previous quarterly lists of deceased beneficiaries in their areas to be very informative and useful and wondered whether they be transmitted regularly, as before the transition to IPAS. Mr. Dooley assured the delegates that this information service is now restarting;
 - d. The annual exercise to locate beneficiaries who do not return their CE is important, and the associations could help the Fund more efficiently if they could be provided more information about the individuals, without revealing private information. The delegates welcomed the information that the provision of more information was being investigated;
 - e. Noting that the annual Statement of Benefits is of use not only for people who file United States tax declarations, suggestions were made that it should be available via the Fund's Member Self Services;
 - f. The delegates generally stated that their associations are ready and willing to work in partnership with the Fund, particularly to help the CE process but also in other areas, and suggested that consideration of a confidentiality agreement similar to that for SPCs might be given;

- g. The increased processing performance, special death-related communications, and generally the support for the elderly or feeble beneficiaries were lauded by the delegates, but it was suggested that the Fund could contact beneficiaries whose spouses would be entitled to a monthly payment following the eventual death of the beneficiary and inform the beneficiary of any missing documents;
- h. Delegates stated that statistics on beneficiaries by country and age group would be useful, and the Fund produced these statistics during the session for distribution to the delegates;
- i. Concerning performance reporting, there is still a need for clear, simple, accurate and timely performance reporting by the Fund;
- j. Concerning the Fund's web site, several suggestions for enhancements were made, including training sessions, especially for retirees who are not so web savvy;
- k. Concerning the OIOS governance audit, all involved agreed that the process was difficult and raised legal issues that will need to be discussed at the Pension Board. The Pension Fund Secretariat will provide legal advice, as the Secretariat to the Pension Board.

40. The Presiding Officer again thanked Mr. Dooley for his efforts and for taking the extended time to meet with the FAFICS Council and for his open answers. He noted with thanks the presence of some of the executive managers of the Fund and thanked them for their numerous interactions with the delegates.

Agenda Item 6b: Meeting with the RSG for investments, Mr. Sudhir Rajkumar

41. The Presiding Officer welcomed Mr. Rajkumar to the Council session, congratulating him on his appointment to his position at the beginning of this year. Mr. Rajkumar's introductory statement can be found in full in Appendix 9. His presentation has been distributed separately.

42. During his remarks to the Council, Mr. Rajkumar stressed that he is focused on long-term interests, intending to manage the investments prudently and optimally and in an active, considered, and thoughtful manner, working actively with stakeholders and oversight bodies.

43. Concerning the investments, he reported that the assets have remained stable so far this year, with policy benchmarks exceeded in the first half of the year. The assets are

diversified with almost half invested outside Dollar areas. Such non-dollar area investments are expected to expand, but soundly. He is well aware that investment returns are increasingly important, and one of the ways to strengthen the performance is to strengthen the staff of the office.

44. Concerning the investment office, he noted that 20 recommendations from OIOS and 8 recommendations from the Board of Auditors have been closed. In addition, ten new staff are on board plus interns.
45. Concerning the application of Environmental, Social, and corporate Governance (ESG) standards for investments of the Fund, Mr. Rajkumar confirmed that ESG metrics are incorporated in the Fund's investment policies, He was proud of the fact that the various metrics organizations had all increased their ESG rankings for the Fund's investments (e.g. the Asset Owners Disclosure Group increased the ranking from AA to AAA). He informed the Council that for the first time the Fund will publish a Sustainable Development Report for 2018, in early 2019.
46. During the discussion and questions, the following themes emerged:
 - a. Concerning investments in companies that may be engaging in non-ESG supporting activities, the RSG favors engaging (along with other funds) with the companies to try to influence their activities, rather than simply selling the investment;
 - b. The question of an article on the Fund's investments policy, in the "Guardian" newspaper, which distorted items and reported incorrectly, and which also contained a statement by the CCISUA President and UNSPC member was a serious concern. Although the RSG issued a clarification through the UN Public Information office, it was not distributed as widely as the original article. The RSG felt, however, that we need to remember that we are all working towards the same goals – a well-funded and prudent investment fund with enough growth to ensure that the Pension Fund remains viable not only for the present retirees but also for future retirees;
 - c. Concerning the Strategic and Tactical Asset Allocation policies (SAA and TAA), it was noted that presently the allocation to global equities, at 62%, is somewhat higher than the 58% policy value. The RSG confirmed that higher investment in real assets (property) could bring the equity percentage down, but cautioned that, as in all investments, lower risk usually means lower return, so

an investment manager needs to balance the return to reach the policy goal (in the Fund's case 3.5%-real growth) against the risk of the investment. He confirmed that the SAA policies will be reviewed professionally;

- d. The RSG stated that he is working with the UN's Human Resources area for hiring and making creative use of staff, but that modernization would help.

47. The Presiding Officer expressed the thanks of the Council for Mr. Rajkumar's effective work and for taking the time to be with the Council. He wished Mr. Rajkumar every success at his first Pension Board meeting.

Agenda Item 7: Report of the Standing Committee on After-Service Health Insurance and Long-term Care (ASHIL)

48. The report is included in full as Appendix 6.

49. The Council agreed that FAFICS would oppose an increase in the eligibility tenure to fifteen years, since far fewer staff could be eligible.

50. The delegates stressed the importance of the General Principles, especially that any decisions by the HLCM Working Group would apply only to future staff, and not to currently serving or retired staff.

51. Since the Working Group is finishing its work and submitting its report to the General Assembly, the delegates noted the extensive work by the FAFICS representatives and endorsed the proposal in the Report of the Standing Committee on ASHIL that should be transmitted to the Working Group. This proposal would introduce reduction factors based on years of service and retirement age.

52. The Presiding Officer thanked the Chair and Vice-Chair of the Standing Committee on ASHIL and expressed appreciation for the work as part of the HLCM FB Network's Working Group.

53. He noted that the proposals for Chair and Vice-chair would be handled under agenda item 10b.

Agenda Item 8: Changes to the FAFICS Rules of Procedure

54. The Presiding Officer opened this item, noting that document D8, proposing certain changes to the Rules of Procedure, had been submitted by the Bureau, based on its discussions over the last two years and arising also from the discussion in previous Council sessions about the roles of the Vice-Presidents.

55. Following a point of order and the ensuing intensive discussion, the Presiding Officer determined that, despite the item being on the approved agenda, there was a strong feeling that it would not be necessary nor appropriate to discuss modification to the Rules of Procedure at this time.
56. It was noted, however, that following existing Rule 5.7, the Council could decide on the number of Vice-President, since the decision does not require a change to the Rules. Following a lively discussion touching on points such as geographic distribution and gender balance, and following a tour-de-table, the Presiding Officer determined that **there was a consensus for reducing the number of Vice-Presidents to five. This decision will be effective for the next election following the conclusion of the present Council session.**
57. In this context, a short discussion was held on the potential roles of the Vice-Presidents. It was noted that roles had been discussed several times in the Bureau, with the April 2018 Bureau meeting recommending four specific roles.
58. The work done by the Bureau, as presented in document D8, could serve as the basis for further FAFICS-wide consultation, based on the portfolios of the Vice-Presidents as determined by the Bureau in its April 2018 meeting and addressing areas where enhanced clarity in the Rules of Procedure would strengthen the efficiency and impact of the work of FAFICS in today's world.
59. In a further discussion, the Council noted that there were three proposals for modification of the Rules of Procedure, namely that from the Bureau, and also proposals from AAFI-AFICS Geneva, and AFICS Argentina, which presented a paper on the roles of the Vice-Presidents and the dissemination of information.
60. Not being in a position to examine these proposals in depth and create a consolidated proposal at this time, **the Council requested the FAFICS Bureau to establish a working group with the mandate to examine the proposals already made, solicit further proposals and advise from all FAFICS member associations, and to harmonize and consolidate all proposals received into a single proposal that would be submitted to the Bureau and ultimately presented for consideration at the 48th Council session in 2019.**
61. A point was raised about the role of the chairs of the Standing Committees in the Bureau. The Presiding Officer clarified that, based on the discussions and the existing Rules of Procedure, **the chairs of the Standing Committees are not officers of FAFICS, but should attend all Bureau meetings where they are needed, i.e. de facto all meetings.**

Agenda Item 9a: Report of the Auditors for the accounts ending 2017

62. Since the auditors reported that the financial books are correct and that the reports give a fair and true view of FAFICS finances in 2017, **the Council approved the 2017 Balance sheet and the income and expenditure statement by acclamation.**

Agenda Item 9b: Interim report on the management of the budget for 2018

63. The Treasurer introduced this item, noting that expenditures to date are in line with the Budget. He thanked the associations who had paid, and regretted the delays in transfers to FAFICS, which had been caused by a UNFCU problem that is now solved. He also explained that the low 'Communications' budget item covers only such office communications as postage, while outreach activities are elsewhere in the budget.

64. Much of the discussion focused on the use of donated funds (i.e. UNFCU donations). More information about these funds was provided by the Treasurer and the President, assuring the Council that:

- a. These donated funds are not earmarked, except with the general remark that they should be used for activities in the FAFICS programme;
- b. Some of these funds have been used to assist associations to attend the Council sessions, based on the results of a questionnaire that was sent to all member associations who have not sent representatives to a Council meeting in the last five years;
- c. These funds can be used to support the President's travel when necessary;
- d. That the Bureau should work on more specific criteria for using donated funds, including criteria for caps on subsidies.

65. Several delegates suggested cost saving measures for delegates, including:

- a. Holding the Council meeting outside the peak travel period, although this would make it impossible to fully prepare for the Pension Board, since the PB papers would not yet be available;
- b. Using video conferencing, although much of the personal interaction would be lost;
- c. Avoiding meetings that span over a weekend, although the Council session schedule depends on the schedule of the Pension Fund and having the Standing

Committees meet on the previous Friday and have the weekend to prepare their reports to the Council is an advantage.

66. The Council noted the Interim Report for 2018 with appreciation.

Agenda Item 9c: Proposed Budget for 2019

67. The Treasurer introduced this item, noting that the 2019 expenses were planned to exceed income, and therefore donations and part of the surplus from previous years would be used to create the balance.

68. He noted that, based on the decision in paragraph 61 above, the observation in paragraph 7 of the report should now read “USD 18,000 are budgeted to support Vice-presidents, Chairs of the Standing Committees, Special Advisors to the Bureau and a rapporteur attending the mid-term Bureau meeting held in Geneva.”

69. After discussion, which again included suggestions for video conferencing and increasing the budget for “Communications” to include costs for newsletter production and possibilities for interpretation and translation, and assurances that the President’s official travel will be funded, **the Council approved the proposed Budget 2019 as submitted and confirmed that the Bureau has the authority to approve reallocation of funds amongst budget lines, within the overall total budget.** The approved budget is listed in Appendix 7.

Agenda Item 9d: Appointment of the Auditors

70. The Treasurer confirmed that the present auditors were willing to continue, and **the Council appointed Ventura Garcia Garnateo and Mohammed Rharha as FAFICS auditors for another year by acclamation.**

Agenda Item 10a: Election of FAFICS Officers: President, Vice Presidents, Secretary, Treasurer

71. The FAFICS Secretary opened this item, noting that the official candidate list had been distributed in a timely manner in document D10a.

72. As there was only one candidate for President, the Council approved with appreciation and by acclamation, Marco Breschi as the new FAFICS President.

73. Marco Breschi, in his opening speech, thanked Alan Prien, President of FFOA, and Linda Saputelli, FAFICS President, for mentoring him. He noted that FAFICS had come a long way since the days when it was not admitted to Pension Board meetings. FAFICS is

relevant and important to the interests of all retirees and he asked for help in preserving and developing this value, building on the excellent work that had gone before.

74. He stated further that he knew he could count on all his colleagues, since they had shown that the values of responsibility, accountability, integrity, transparency and commitment are already part of their actions.
75. Concerning his approach to the future work, he hopes to follow the ideals of respect, inclusion, recognition, and support, with regard for continuity and communications both internally and externally.
76. The delegates again expressed their appreciation for having taken on this demanding task and assured him of their support.
77. The Secretary then turned to the election of the FAFICS Vice Presidents, noting that there were nine candidates for the seven positions. The nine candidates confirmed that they were still standing (*one in absentia*). The Secretary reminded the delegates of the voting procedure, namely one vote per member association and one vote per proxy.
78. The eight candidates present give individual short statements.
79. The vote was conducted by polling officers who were volunteers from FFOA.
80. The results of the election were announced by the Secretary:
 - a. Katia Chestopalov, Vice-President, AAFI-AFICS – 32 votes
 - b. Ari Toubo Ibrahim, President, AAFNU-Niger – 36 votes
 - c. Dadhet Cesar Touloum, President, ACAFNU – 10 votes
 - d. Mario La Fuente, Treasurer, AFICS-Chile - 18 votes
 - e. Junko Sato, Secretary, AFICS-Japan – 32 votes
 - f. Linda Saputelli, Member, Governing Board, AFICS/New York – 17 votes
 - g. Carlos Santos Tejada, Vice-President, AFICS-Panamá – 32 votes
 - h. Abu Khaled Masood Ahmed, President, AFUNSOB – 34 votes
 - i. Jerry Barton, President, ARICSA – 33 votes
81. **The seven candidates with the highest number of votes were declared elected, namely, Katia Chestopalov, Ari Toubo Ibrahim, Mario La Fuente, Junko Sato, Carlos Santos Tejada, A.K. Masood Ahmed, and Jerry Barton.**

82. The Secretary then announced the election for the position of FAFICS Secretary, for which there were two candidates. There was a paper provided by the Bureau, CRP 1 “Results of the Interviews for the Position of FAFICS Secretary”, in which the background to the current process, which was implemented by the Bureau for the first time, was discussed, and the results of the interviews by representatives of the Bureau were discussed as further information that could interest the Council.
83. Both candidates were given the opportunity to make short statements, further introducing themselves to the Council. Mr. Chopra in his statement not only introduced himself but also regretted the CRP 1 paper and objected to the procedure, which he felt undermined due process. In a later statement, AAFI-AFICS Geneva strongly supported this regret.
84. The election proceeded based on the information available to the Council.
85. The Secretary announced the results of the election, namely Ravindra Chopra 17 votes and Pierre Sayour 23 votes. **Pierre Sayour was declared the new FAFICS Secretary.**
86. The Secretary proceeded to the election of the FAFICS Treasurer, for which there was only one candidate, the incumbent Wolfgang Milzow.
- 87. The Council elected Wolfgang Milzow as Treasurer by acclamation.**
88. The President asked that Pierre Traoré be reconfirmed in his role as Special Advisor to the Bureau on Membership. **The Council confirmed the declaration of Pierre Traoré in this function by acclamation.**
89. The Council elected Linda Saputelli as President Emeritus by acclamation. Following a suggestion by the newly elected President, the Council appointed Linda Saputelli as Special Advisor to the Bureau **providing support and advice in managing FAFICS' critical juncture particularly with reference to the vital follow up of the serious issues raised by the OIOS audit report on which, as President she provided and coordinated input in support of the FAFICS delegation to the Pension Board.**
90. The Council then nominated Jayaraman Sundaresan, the outgoing Secretary, as Secretary Emeritus by acclamation.

Agenda Item 10b: Election of Chair/Vice-Chair of SCPI and ASHIL Standing Committees

91. The President noted that, particularly now, continuity is important. She asked whether the Chair, Gerhard Schramek, and Vice-Chair, Warren Sach, of the Standing Committee on Pension Issues were willing to continue. Upon receiving confirmation from both, the

Presiding Officer asked the delegates for their input. **The Council appointed Gerhard Schramek as Chair and Warren Sach as Vice-Chair of the SCPI by acclamation.**

92. Similarly, the President asked whether the Chair, Georges Kutukdjian, and Vice-Chair, Katia Chestopalov, of the Standing Committee on After-Service Health Insurance and Long-term Care (ASHIL) were willing to continue. Upon receiving confirmation from both, the Presiding Officer asked the delegates for their input. **The Council appointed George Kutukdjian as Chair and Katia Chestopalov as Vice-Chair of the SC ASHIL by acclamation.**

93. The Presiding Officer clarified that **all the newly elected officers of the Federation and Standing Committee officers would take up their duties immediately following the conclusion of this Council meeting.**

Agenda Item 11: Appointment of FAFICS representatives to the Pension Board and other bodies in 2019.

94. The Presiding Officer read out the names of the candidates who were proposed following the consultations with the FAFICS Bureau:

- a. Marco Breschi (ex officio as President of FAFICS);
- b. Gerhard Schramek (ex officio as Chair of the FAFICS Standing Committee on Pension Issues ;
- c. Warren Sach (member);
- d. Linda Saputelli (member);
- e. Adriana Gomez (alternate member);
- f. Mohammed Sebti (alternate member).

95. Members of the council discussed the importance of the appointments, including such points as:

- a. That the procedure specified in the procedure adopted by the Council at its 43rd meeting in 2014 (Attachment 1 to the Rules of Procedure) stresses the premier criteria of excellent knowledge of Pension Fund matters, both policy and practical, negotiating skills, and availability over several years;
- b. That the present heavy agenda at the Pension Board, which is foreseen to continue into 2019 with the consideration of the OIOS audit report by the ACABQ and the Fifth Committee of the General Assembly, as well as the

uncertainty relating to the continuing absence on sick leave of the CEO, mean that continuity in the present FAFICS representatives who have worked diligently on these matters, is of particular importance in recommending the re-appointment of the present delegation;

- c. That the President, as Head of the delegation, needs some authority to create his/her team, although the final decision rests as always with the Council;
- d. The importance of having a clear process that can be seen to be democratic.

96. In addition to the President and the Chair of the Standing Committee on Pension Issues as Ex Officio members, the Council approved by acclamation and appointed the two members and two alternate members as specified in paragraph 93 above as FAFICS delegates to the Pension Board in 2019.

97. Concerning the single outstanding appointment of a FAFICS Representative to the Pension Fund's Assets and Liabilities Monitoring Committee, the President explained that a legal opinion stated that Warren Sach could stand for a complete four-year term and proposed that he be given this role again.

98. It was pointed out that the second FAFICS representative to the ALM Committee, Marashetty Seenappa, is in the first year of his four-year term, so no new appointment is necessary.

99. The Council approved by acclamation Warren Sach as a FAFICS representative to the ALM Committee.

Agenda Item 12: Date and place of the 48th Session of the Council

100. The next session of the Pension Board is tentatively planned to be held at the UN Headquarters in New York in 2019, for five working days (tentatively 22-26 July 2019) with a Pension Fund Standing Committee meeting on Friday 19 July 2019.

101. This schedule for the Pension Board would mean that it would be appropriate for the FAFICS Council to be held the previous week, i.e. FAFICS Standing Committees on Friday 12 July 2019 and the plenary sessions 15-18 July 2019.

102. The above dates and venues are highly tentative. The Bureau will consult and establish exact dates as soon as possible. Delegates should not yet purchase travel tickets.

103. Delegates urged the Bureau to act as quickly as possible, since visas for visits to the USA are increasingly difficult to obtain.

104. AFICS Kenya extended an invitation for the FAFICS Council to hold a future session at UNON in Nairobi.

Agenda Items 13a – 13c: Ageing

105. Three submissions on issues related to Ageing had been submitted, namely a note by AAFI-AFICS Geneva, a note by AFICS-Mauritius, and in session a note by IAFICS-Israel.

106. AAFI-AFICS Geneva reported that they are the FAFICS Focal Point for Ageing and are working on meaningful roles and that they welcome suggestions. In discussion, it was agreed that a valuable role would be to collect, consolidate, and share information about the activities of the various member associations, as well as officially representing FAFICS at meetings of UN system organizations that discuss Ageing.

107. AFICS-Mauritius presented again a proposal to support the future creation of a UN body on Ageing and requested that FAFICS keep this item on its agenda, since the issues are becoming more significant and the aged have a role to play. During discussion, it was pointed out by IAFICS-Israel that the World Health Organization has a major role to handle ageing issues in the UN system of organizations, and that specific items and concerns could be passed to them. While there was general agreement that Ageing should be kept on the FAFICS agenda, support was not expressed for further discussion of the possible future creation of a separate UN body on Ageing in view of the many separate parts of the UN system already involved in advancing the ageing agenda.

108. AFICS Australia supported by BAFUNCS and asked that the portfolio of one of the Vice Presidents include Ageing - in addition to the Focal Point in Geneva.

109. The Presiding Officer summarized the discussion, stating that FAFICS needs to be officially represented at meetings on ageing organized by UN bodies, and AAFI-AFICS has been given the lead role in this representation, but that all associations should ensure that they are aware of this topic. He noted with appreciation the three submissions and requested the Bureau to review as appropriate.

Agenda Item 13d: Long-term Care in the Philippines

110. AFICS-Philippines submitted Conference Room Paper 3 on the situation in the Philippines for long-term care.

111. It was noted that many retirees may not be able to afford the cost of nursing homes, and that FAFICS could recommend that member associations work to ensure that the costs of home care-giving are included in health insurance plans.
112. The Presiding Officer noted the report with appreciation and recommended the item to the Standing Committee on ASHIL for consideration.

Agenda Item 13e: Working Group on Rules of Procedure

113. This item was reported under paragraph 60 above.

Agenda Item 13f: FAFICS Communiqué responding to the OIOS Audit

114. During the discussion of the President's report, a request had been made for a strong communiqué to be issued by FAFICS clearly and simply stating FAFICS objections to many aspects of the OIOS Audit and pointing out potential consequences. A draft communiqué was presented as Conference Room Paper 5, and several editorial comments were provided by delegates.
115. The final communiqué text was distributed to all FAFICS member associations shortly after the conclusion of the Council, on 26 July as CRP 6, with the request that all member associations and their members be informed. It is given in full in Appendix 10 below.

Individual Comments

116. BAFUNCS reported that the UNCRP "UN Career Records Project" is live and that the UNCRP website has a questionnaire that can be completed to keep a record of individual's UN careers. UNCRP is open to all, not just British, retirees.
117. AFUS-France repeated its generous offer to translate Council reports into French and to translate some of the Council session documents into French.
118. A delegate noted that additional payments during Council sessions are onerous and requested that hosting associations keep in mind the exceedingly limited ability of some delegates to afford travel.
119. ARICSA updated its report from the previous year, stating that new Austrian laws have made moving to Austria even more fraught with bureaucratic challenges.

Appreciation and Closing

120. Delegates who had received stipends to attend the Council expressed their thanks for FAFICS having made it possible to put faces to names, and to the Council for a session with much valuable information.
121. The Council again expressed its thanks to the outgoing president, Linda Saputelli, for her service and wished her well in her new roles. The Council also again thanked the outgoing Secretary, Jay Sundaresan, for his eight years of service – and in response the Secretary thanked the Council for the privilege of serving and for the emeritus status. The Council also thanked FFOA for a fine job of hosting the Council session, replete with a plethora of volunteers to smooth its functioning.
122. Linda Saputelli expressed thanks to the Council, and specifically to Jay Sundaresan, to Alan Prien as Presiding Officer, and to Jerry Barton as Rapporteur, as well as to FFOA and its volunteers.
123. The Presiding Officer declared the 47th Session of the FAFICS Council closed at 14:40 on Wednesday 25 July 2018.

Appendices

- Appendix 1: List of participants
- Appendix 2: Agenda
- Appendix 3: List of Documents
- Appendix 4: Report of the President to the 47th FAFICS Council Meeting
- Appendix 5: Report of the FAFICS Standing Committee on Pension Issues
- Appendix 6: Report of the Standing Committee on After-service Health Insurance and Long-term care (ASHIL)
- Appendix 7: Approved budget for 2019
- Appendix 8: Presentation by the Deputy CEO of the Pension Fund
- Appendix 9: Introductory Statement by the RSG for investment of UNJSPF assets
- Appendix 10: FAFICS Communique

Appendix 1: List of participants

AAFIB-Brazil

AAFI-AFICS Switzerland

AAFICS-Australia

AAFNU-BF Burkina Faso

AAFNU-N Niger

AAFU-AFUS Paris

AEFSNU AFICS-Ecuador

AFICS/New York

AFICS-Addis Ababa

AFICS-Argentina

AFICS-Chile

AFICS-Japan

AFICS-M Mauritius

AFICS-Netherlands

AFICS-Panama

AFICS-Philippines

ASFI-Senegal

AFICS-Sri Lanka

QUAGLIA, Mr. Giovanni

CHESTOPALOV, Ms. Katia

CHOPRA, Mr. Ravindra Kumar

MEBELE- MBONG, Mr. Samuel

MENU, Mr. Jean-Paul

SEBTI, Mr. Mohammed

YAGGI FOUDRAL. Ms. Odette

ASHTON, Ms. Jennifer

TRAORE, Mr. Adama Pierre

ARI TOUBO, Mr. Ibrahim

KUTUKDJIAN, Mr. Georges

SAYOUR, Mr. Pierre

TAILLEFER, Ms. Josiane

ANDRADE CASTRO, Ms. Nancy

DIETZ, Mr. John

SACH, Mr. Warren

TFSHOME, Mr. Tedla

NARVAIZ KANTOR, Ms. Isabel

LURASCHI, Ms. Judit Isabel

GOMEZ SAGUEZ, Ms. Adriana

La FUENTE ROCA, Mr. Michael

SATO, Ms. Junko

ATCHIA, Mr. Michael

TUINENBURG, Mr. Kees

SANTOS-TEJADA, Mr. Carlos

ONTAL, Ms. Lydia Gamboa

DIAKHATE, Mr. Abdoukhadr

FAYE, Mr. Makane

Michael, Mr. George Antony

AFIJUB Spain

AFUNPI India

AFUNSOB Bangladesh

AGAFNU -GN Guinea

AMAFINU-Mali

ARICSA-Vienna

ASOPENUC Colombia

BAFUNCS United Kingdom

CAFICS/ACAFI-Montreal

FFOA Rome

IAFICS Israel

PAFICS Pakistan

Emeriti

FAFICS-Council Officers

ESPINAR SIERRA, Mr. Miguel

CHANDRASEKHARAN, Ms. Indira

DEVI, Ms. Girija

KUMAR, Mr. Pradeep

SAMANTA, Mr. Bidhu Bhusan

SEENAPPA, Mr. Marashetty

AHMED, Mr. Abu Khaled Masood

HUSSAIN, Mr. Ahmed

MASOOD, Ms. Mah Jabeen

REZA, Mr. Kazi Ali

BARRY, Mr. Ibrahima Sory

NDIAYE COULIBALY, Ms. Mariam

BARTON, Mr. Jerry

SCHRAMEK, Mr. Gerhard

HASSELBALCH, Ms. Helene

MURPHY, Ms. Carolyn

DAOUST, Mr. Jacques

BRESCHI, Mr. Marco

DE GAAY FORTMAN, Mr. Marius

PRIEN, Mr. Alan

SALVI, Mr. Dino

SEIDLER, Mr. Edward

TROBBIANI, Mr. Giancarlo

VAN ARKADIE, Mr. Alex

WICKENS, Mr. Jamie

SUESS, Mr. Michael

HAQ, Mr. Shams UI

CASTELLANOS DEL CORRAL, Mr. Andres

PRESIDENT

SAPUTELLI, Ms. Linda

PRESIDING OFFICER

PRIEN, Mr. Alan

SECRETARY

SUNDARESAN, Mr. Jayaraman

TREASURER

MILZOW, Mr. Wolfgang

RAPPORTEUR

BARTON, Mr. Jerry

SECRETARIAL ASSISTANCE

KATO, Ms. Maureen

Absentee

AAFNU-MG

AAFNU—MR

AEFNUC-Cuba

AEFNUP—Peru

AFICS- Bolivia

AFICS-Kenya

AFACS-Moscow

AFICS-Uruguay

AFPPNU-Mexico

AFUNO-New Zealand

FOA-Turin

Proxy vote Carrier

AAFNU-BF Burkina Faso

AAFNU- BF Burkina Faso

AFICS-Panama

AFICS- Panama

AEFSNU AFICS- Ecuador

AFICS—M Mauritius

AAFI-AFICS-Switzerland

AFICS-Argentina

AFICS-Argentina

AAFICS-Australia

FFOA-Rome

Appendix 2: Agenda

1. Adoption of the Agenda
2. Election 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
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 (ASHI)
8. Revision of the Rules of Procedure
9. Administrative and financial questions
 - (a) Report of the Auditors for the accounts ending 2017
 - (b) Interim report on the management of the budget for 2018
 - (c) Proposed budget for 2019
 - (d) Appointment of the Auditors
10. Elections and Appointments
 - (a) FAFICS Officers
 - (b) Chair/Vice-Chair of the Standing Committees on ASHI and Pensions
11. Appointment of FAFICS representatives on the Pension Board and other bodies in 2019
12. Date and place of the 48th session of the Council
13. Other business
 - (a) Ageing (Note by AAFI-AFICS Geneva)
 - (b) Ageing (Note by AFICS Mauritius)

Appendix 3: List of Documents

Pre-session documents (D series)

- D.1 - Provisional Agenda
- D.3 - Membership Matters
- D.5b - Situation of the former UNJSPF participants in former USSR, Ukrainian SSR and Byelorussian SSR
- D.8a - Revision of the Rules of Procedure
- D.8b - Revision of the Rules of Procedure; Note by Argentina
- D.8c - Revision of the Rules of Procedure; Note by AAFI-AFICS Geneva
- D.9a - Auditors' Report for the year 2017
- D.9c - Proposed budget for the year 2019
- D.9c - Proposed budget for the year 2019, Annex 2
- D.13a - Ageing - note by AAFI-AFICS
- D.13b - Ageing - note by AFICS-M Mauritius

ASHIL - Standing Committee on ASHIL

- ASHIL - DOC.1 - Agenda
- ASHIL - DOC.2 - Progress Report on the Working Group on After-Service Health Insurance (ASHI) of the HLCM Finance and Budget (Fb) Network
- ASHIL - DOC.3 - Participation of Retirees in Management or Advisory Entities of Health Insurance Schemes
- ASHIL - DOC.4 - After-Service Health Insurance (ASHI) Coverage of Locally Recruited Field Staff by the Medical Insurance Plan (MIP)
- ASHIL - DOC.5 - Issues pertaining to Long Term Care

SCPI - Standing Committee on Pension Issues

- SCPI DOC 1/Rev.1 - Revised Provisional Agenda
- SCPI DOC 2 - Investments of the Fund
- SCPI DOC 3 - Actuarial Valuations
- SCPI DOC 4 – Emergency Fund
- SCPI DOC 5 – Application of Paragraph 26
- SCPI DOC 6 - Election of retiree representatives on the Pension Board
- SCPI DOC 7 - Meetings of the Standing Committee of the Pension Board

In Session Documents

- CRP 1: Results of Interviews for the position of FAFICS Secretary (issued by the Bureau)
- CRP 2: List of Participants
- CRP 3: Long-term Care – Philippine Situation (AFICS-Philippines)
- CRP 4: Note on Ageing (IAFICS-Israel)
- CRP 5: Draft of FAFICS Communique
- CRP 6: Final FAFICS Communique (issued 26 July 2018)
- D.4: Report of the President to the 47th FAFICS Council
- D.5a: Report of the Standing Committee on Pension Issues
- D.7: Report of the Standing Committee on ASHIL

Appendix 4: Report of the President to the 47th FAFICS Council Meeting

Dear Colleagues,

I would like to extend a very warm welcome to you all as we commence the formal part of our 47th Council. By now I feel certain that no introductions are needed, as you met together on Friday in the Standing Committees. I know you all share my delight at meeting again in this beautiful, ageless city after a four year hiatus. I would like to extend on behalf of the entire Federation sincere appreciation to our hosts, the Food and Agricultural Organization and to FFOA (Former FAO and Other Staff Associations) for the considerable effort that went into ensuring that FAFICS was afforded the necessary facilities. Our special thanks go to Alan Prien and Marco Breschi who pulled out all the stops to ensure a comfortable and pleasurable stay in Rome. Because the conference room situation here at FAO was most challenging, we are overlapping on Wednesday with the training day for the Pension Fund, but I trust that those affected understand that it was the only viable solution to completing our work before the formal start of the Pension Board.

On behalf of the Federation I would also like to welcome and congratulate our newest members, AAFICS–Madagascar and AAFICS-Mauritania who have fulfilled the requirements for membership. This brings the total association members to 63. We still have work to do to encourage the establishment of AFICS associations in other countries, but considering that many countries do not have the critical mass of retirees required for membership, we can be justly proud of the current size of our Federation which has been able to add new member associations annually.

Our agenda this year focuses once again on pensions and after service health insurance (ASHI), both of which assume even greater importance at this juncture than usual. On pensions we have had an especially active year owing to the call by the General Assembly for a review of the governance of the Pension Fund, and on ASHI, the deadline for the Working Group on ASHI, of which FAFICS is a member, to report to the General Assembly.

As already reported to the Bureau in our meetings this year and last, UN General Assembly Resolution 72/262, adopted on 24 December 2017, included a request to the Secretary-General “to entrust the Office of Internal Oversight Services with the conduct of a comprehensive audit of the governance structure of the Pension Board, including a review of the checks and balances between the Board and the leadership of the Fund, and requests the Office to submit a report with key findings to the General Assembly at its seventy-third session, to be considered in the context of the United Nations Joint Staff Pension Fund”. This request appeared in the resolution without any previous discussion in the Fifth Committee and at the last minute just before the resolution was adopted. Further, the OIOS report was written by auditors who failed to attend a single meeting of the Pension Board on the grounds that the due date of the report to the General Assembly did not make this possible and that they would instead sit in on certain Board Committee meetings. Still further, although OIOS was invited to present its final report in person to the Board, it refused on the grounds that its auditors had worked so hard on producing it over recent months that they would

now be on leave. This is indeed a pity as it would have enabled a live (and doubtless, lively) exchange between the auditors and the Pension Board.

The first draft audit report, which was confidential, was provided to FAFICS only on 5 June for comments which were required by 11 June, a very short turnaround time indeed on which to consult and prepare the extensive comments that it called for. However, the FAFICS delegation to the Pension Board seized the opportunity, rose to the occasion and met the deadline. We received a second draft version of the audit on 3 July with a new deadline of 16 July for comment. We were, however, so disturbed by the lack of good faith in the second draft audit report that not only failed to take FAFICS corrections and comments into consideration, but ramped up its objections to the independent role of FAFICS, adding new elements and a separate, second recommendation. As a result, it was decided not to reply to the second version, lest OIOS compound its errors and unsupported and false findings. FAFICS will present the Federation's reply directly to the Pension Board.

While the draft report is still technically confidential until it is finalized and released to the Board in the coming days, we can already inform you that we found the two draft audit reports highly biased, unprofessional and superficial; its criticism and findings on most aspects of Board governance were largely unsubstantiated. FAFICS was the subject of particularly harsh recommendations. Let me also recall that these reports are a far cry from the previous audit of the Fund carried out by OIOS in January 2008; that report offered criticism, but it was objective, balanced and constructive; it was, in short, highly professional. FAFICS considers that in the current report the auditors exceeded their mandate in many areas, which in the case of FAFICS entailed, among other matters, criticism of internal Federation correspondence and recommendations on the internal workings of an autonomous Federation. The UNIDO SPC in Vienna has already met to protest the audit, calling into question its very legitimacy, disagreeing with its findings and rejecting it in its entirety. Board members from other constituencies have expressed similar views, orally for the time being, but it is already clear that FAFICS is not a lone voice in the matter. We will hear the views of others in the coming days during the discussions in the Pension Board and also make ours known.

Given the climate we find ourselves in, it is high time to call things by their names. I will be very frank so that you will all understand the threat that is being posed to the very foundation of retiree representation, to our individual AFICS associations and to the Federation.

First, some background on the present OIOS audit and its origins. In the early spring OIOS devised a questionnaire that had all the earmarks, indeed echoed the very language of the vicious campaign that has been waged since 2015 by the UN staff union critics against the Pension Fund, its leadership and FAFICS. The questionnaire was not provided to FAFICS for response, but when we learned of it, we filled it out and wrote to OIOS asking that our replies be included. When the first draft audit report was issued last month, it was already clear to us and others who saw it that the substance of the OIOS audit was in total sync with the partisan line promoted by the UN staff union critics from the outset of their 2015 campaign. Over the last year, some of these same staff union critics were elected as UN participants representatives to the Pension Board and matters worsened considerably for an objective dialogue on pension matters. For better understanding of the arrangements, please be aware that

some of the UN participants representatives are composed of staff representatives, one who is also the President of CCIUSA, the UN Federation of staff unions. He uses his dual titles to conflate and confuse, speaking in the Fifth Committee ostensibly as CCISUA President, the sole reason he is permitted to address that body, but speaks at the same time in his Pension Board role on pension matters. We can only speculate as to why the UN Administration appears to tolerate these tactics. Since their elections, this particular group of six individuals has been at loggerheads---with the exception of their seemingly comfortable relationship with OIOS---with the majority of their participants representative colleagues on the Board; in fact, already before the end of last year, the non-UN participants representatives wrote a letter to the Secretary-General to complain about the actions of the UNSPC participants representatives group. The latter, using official UN communication media has consistently broadcasted fake news about the Pension Fund to constituents who for the most part do not vote and have no other knowledge of the situation in the Fund except what they are told by this minority-elected group. A constant refrain has been a so-called backlog in unpaid pensions which they would like others to believe is still enormous and ongoing, despite clear evidence to the contrary which FAFICS provided to OIOS and was ignored.

Now, why should we be concerned? A current aim of the UN participants representative members and their surrogates is to convince the Pension Board to sanction direct elections for FAFICS officers. This would enable their surrogates to be elected, and you know who they are because you have been bombarded with unsolicited emails from them. Some of you will recall that this past March these same surrogates, one of whom was elected in late June to the AFICS/NY Governing Board, launched a petition campaign addressed to the USG for OIOS calling for direct elections for FAFICS. When we heard about the petition, I immediately contacted the Bureau and together we preempted and rebutted it with our strong response to the USG of OIOS. Our rebuttal letter was distributed to AFICS associations with the request that it be shared with their members. In late June, virtually the moment he was elected, the afore-mentioned member of the AFICS/NY Governing Board who is also one of UNSPC faction's most vocal surrogates contacted some of you to question, among other things, the authority of those in the FAFICS delegation to the Pension Board who prepared the FAFICS comments on the confidential OIOS audit. As you know, since you, the AFICS associations, have been on the receiving end of direct, unsolicited correspondence from these surrogates, New York has been a hotbed of needless agitation over the past three years and, with this recent election in AFICS/NY, will undoubtedly continue to be so. It is no coincidence, their small numbers withstanding, that most of the retiree agitators appear to believe that AFICS associations should function like staff unions; that is their agenda. The newly elected one in New York campaigned on an anti-CEO, anti-FAFICS platform, even opposing and criticizing such well-enjoyed social events like luncheons which AFICS/NY and many other associations organize. If this is not the sort of future you want for your association, we would ask you to continue to be vigilant and to ignore these divisive communications from persons who see FAFICS as an impediment to their own success, or perhaps I should say megalomania. If heeded, they threaten your future existence and well-being as well as that of FAFICS. It is therefore incumbent on you to ensure that members of your associations understand who their true representatives are and continue to support them.

At the upcoming Pension Board, the UN participants representative members are relaunching their efforts to dismantle FAFICS and have submitted for Board

consideration a paper calling for direct elections of FAFICS officers. The newly elected member of AFICS/NY also supports direct elections, the purpose of his March petition. These individuals also believe that FAFICS representatives on the Board and in Board committees are too numerous, when in fact our representation is rather modest given the large numbers of retirees. It is no surprise that this is also one of the recommendations in the OIOS report, simply another of the many obvious direct links and signs of complicity between the OIOS auditors and the six UNSPC participants representatives. Should we not ask what business it is of OIOS to attempt to interfere with the autonomy and internal working arrangements of FAFICS and its member organizations?

But back for a moment to the reasons why FAFICS in its history of almost half a century has not supported or endorsed the idea of direct elections. FAFICS was established in 1975 as an NGO in consultative status with ECOSOC with statutes and procedures approved by its founders. These procedures have worked well and served retiree interests well, despite what a small, but vocal, minority would have some believe. Aside from the obvious difficulty and cost that would be involved in mounting global elections, direct representation would by no means ensure greater "democracy" than our current system provides. On the contrary, it could in fact be less democratic because retirees not belonging to any AFICS association and reporting to no one---even disgruntled members from a particular association---and certainly surrogates of the UN participants representatives could get themselves onto a FAFICS ballot by campaigning on social media, something which has already happened in AFICS/NY. Those of us who over the years have worked diligently in our individual AFICS associations and through FAFICS to protect and preserve the rights of retirees could find ourselves represented by so-called activist, so-called "democratically elected officers" we have never seen and know little about. Further, direct elections, cited by our critics as a guarantee of democracy, is not a guarantee at all and a reason why many modern democracies continue to govern through indirect elections.

Throughout its history FAFICS has been fortunate to have been represented by highly knowledgeable retiree experts in the requisite areas of pensions, health insurance, administration and other matters to represent retiree interests. These are weighty matters, far too important to risk being left to demagogues. We would say that it is not for third parties to attempt to question our election arrangements, just as FAFICS would not question theirs. Allow me to point out that the same UN participant representative members who criticize the lack of direct elections in FAFICS are themselves elected by a fraction, about 25 percent of those eligible to vote, a percentage they evidently consider sufficient to represent staff. In the Standing Committee on Pensions, you have already had an opportunity to express your views on elections and related matters. FAFICS has also submitted a document on retiree representation to the Pension Board.

In ending my remarks on this topic for now, let me say only that the nature and substance of the critical remarks about FAFICS show that FAFICS has indeed become a strong voice in the Pension Board, one that is being heard. And it is obvious that we have become a force to be reckoned with despite our status as representatives without the right to vote. The fact that after we submitted our first round of comments, OIOS not only did not accept them, but doubled down on the criticism, adding new dubious elements to their arguments, shows the extent to which we are seen to be a countervailing force to the agitators whom OIOS so evidently heeds and supports.

From the outset of the campaign against the Pension Fund, FAFICS has had the courage to speak the truth and reject spurious arguments and will continue to do so. We urge you to do the same in your associations. We expect that the Pension Board will hold a full discussion on the OIOS audit and offer its in-depth comments, comments which will be forwarded in a separate report to the Fifth Committee this fall.

Still on the issue of the resolution, last year was primarily a so-called budget year for the Pension Board. Despite the tenor and content of the above-mentioned audit, and the overall reduction in all other budget appropriations, the Pension Fund fared relatively well in that the majority of its budgetary requests were approved. FAFICS was pleased that Marco Breschi was asked to chair the Pension Board's Budget Working Group which also included Warren Sach, Marco and Warren were in no small way responsible for this outcome.

Another important matter before the Board this year is the selection for the Deputy CEO of the Pension Fund. The present Deputy, Paul Dooley, who will address you tomorrow, plans to retire at the end of August, a fact made known to the Pension Board only after the session last year. We will be sorry to see Paul go, and the situation is complicated by the fact that CEO Sergio Arvizu, whom most of us know from our personal interactions with him and his substantive briefings to the Council over the years, has been absent on official sick leave since last fall. We wish Sergio well and hope to have him back among us. You may have heard by now that he faced a difficult extension process at the Pension Board last year. To the great surprise of many because it came without warning, the United Nations administration opposed the extension of a second five-year mandate for him with the highly-vocal cooperation of the UN participants representatives. Although the Governing Body representatives unanimously supported a five-year extension, a minority of other Pension Board members did not, and after a protracted closed session in the Board, a compromise for an extension of three years was recommended by consensus. This was indeed a disappointment to many stakeholders as it was felt that Sergio Arvizu deserved better and had become the victim of a vicious and fundamentally unfounded campaign in the United Nations by the same group who represent the UN in its SPC along with their surrogates in social media and elsewhere. Unfortunately, matters did not end there and as soon as the Board ended, the same UN participants representative members who had signed onto the consensus, ignored it, relaunched their vitriolic campaign and began to lobby the Secretary-General, who has administrative authority for issuing it, not to extend the CEO's existing contract which expired at the end of 2017. The contract was nonetheless eventually extended at the eleventh hour on Friday, 29 December 2017.

With respect to the upcoming vacancy for the position of the Deputy CEO of the Pension Fund, the Pension Board Chair formed a Search Panel last fall composed of representatives of the chief stakeholders which included FAFICS. The Search Panel met throughout the interim period and as recently as April, when it agreed on a short list of four candidates who would be invited to make presentations to the Pension Board. As is the case for the CEO, the recommendation for the selection of the DCEO is the prerogative of the Board.

I turn now to one of the most important issues facing the Council at this session and in the coming year. As noted repeatedly in recent years, today's FAFICS is no longer the Federation founded almost a half century ago, nor are the member AFICS

associations which compose it the same. Over the near future FAFICS faces a critical transition because, as you know, this is my last term as FAFICS President and it is also the last term for the FAFICS Secretary Jay Sundaresan who has served us so responsibly for these last many years. Jay wanted to leave us already last year to travel and spend more time with his family who are scattered far and wide, but at my urging, he agreed to stay on for another year to enable the Bureau to identify a candidate to replace him in this important position. As a result, the Bureau, which normally meets once a year, held an extra meeting to work out procedures for the selection of a new secretary. You will see on your ballot the names of two candidates, Messrs. Ravindra Chopra and Pierre Saylor. I hope that by the time of the election you will have had the opportunity to speak with them and form an opinion on who is most suitable for this crucial role. It is evident that the conjunction of a new President and a new secretary at the same time will present a particular challenge to FAFICS. Our next President is by now seasoned in FAFICS matters, but we nevertheless all, the Bureau in particular, stand ready to come to the assistance of these new colleagues as needed.

This brings me to a related, no less important matter which I would urge you to keep in mind as you take up the agenda item on revisions to the Rules of Procedure. You are surely aware that the terms of several key Vice-Presidents are coming to an end this year because of existing term limits. In the proposed revisions to the Rules of Procedures you will find a series of recommendations, inter alia, on the roles of the Vice-Presidents aimed at maximizing effectiveness and efficiency. Decisions on the revisions are of course in your hands, but I would ask you to keep in mind the need for continuing and preserving the institutional knowledge we are losing with the departures of the current Vice-Presidents.

Throughout the year your representatives to the Pension Board have continued to meet with the senior staff of the Pension Fund, the RSG, the Pension Board Chair and the SPCs in their respective locations. As noted in the past, it is essential for FAFICS to maintain a visible presence in New York so as to afford easy access to Pension Fund officials, the Fifth Committee and others. Over this past year we in New York have pursued matters ranging from the audit report to the arrangements to fill the positions at the top levels in the Fund.

FAFICS has continued its involvement in the working group on ASHI established by the High Level Committee on Management (HLCM) Finance and Budget (FB) Network Working Group on ASHI. The Working Group has met primarily by video conference, but also in person on several occasions. It will deliver its final report to the General Assembly this fall. I will not take the time to enter into detail here because you have already been briefed and have already discussed this matter fully in the Standing Committee on ASHIL. I will mention that the letter which I sent at your request to the UN Secretary-General last August concerning the participation of retirees in management or advisory entities of health insurance schemes has fallen on deaf ears. Despite repeated follow ups with the responsible UN officials, to date there has been no reply.

Last year I reported to you that we received a generous contribution from the United Nations Federal Credit Union (UNFCU) which enabled us to fund the participation of two member associations in the Council. We were pleased to receive funding this year as well which we used to sponsor another association. We are most grateful to

UNFCU for their support and hope we can count on their continuing contribution in future years.

There is much more I could say, but I will leave matters here as we have a heavy agenda in front of us. In closing, I would like to thank you for the opportunity you have given me to serve as your President. I look forward to continuing my collaboration with FAFICS.

Thank you for your attention.

Appendix 5: Report of the FAFICS Standing Committee on Pension Issues

Rome

20 July 2018

1. The Chair of the Standing Committee, Gerhard Schramek, opened the meeting at 14:10 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 (SCPI/2018/DOC/1)

2. The agenda was adopted as submitted (see below), with the addition of two items under agenda item 3, namely “OIOS Matters” (3a) and “Papers being submitted to the PB by Participants’ Representatives” (3b) that were proposed by FFOA.

Agenda item 2(a): Investments of the Fund (SCPI/2018/DOC/2)

3. The Vice-Chair, Warren Sach, gave an overview of the document, stressing that no decision is required at this point, but that the report is intended to inform the Council of the status of investments.
4. He reported that the change to the new Representative of the Secretary General for the Investments of the Pension Fund (RSG) had been smooth and that the investments were now valued at over \$64 Billion, requiring good management. Over most long and medium-term measurement periods the Fund had reached its 3.5% real growth goal (although the market is down this year) and that the investments are more geographically diversified than in most pension funds.
5. During the ensuing discussion the following points were raised:
 - a. The Investment Committee is important, and FAFICS should be vigilant to see that it functions well (e.g. meeting attendance, ad-hoc members being regularized);
 - b. FAFICS should continue to monitor the Investment Management Division’s strategy for investments in developing countries [n.b. these investments tend to be more in the private equity market than the public equity market and caution is needed];
 - c. The recent article in the Guardian newspaper which presented a biased view of minor investments as major problems. Although a reply to the newspaper had been issued, it did not receive the same circulation;
 - d. FAFICS should be watchful regarding good fiduciary responsibilities, especially ethical and social investment policies, e.g. is the IMD following Ethical, Social, and Corporate Governance (ESG) investment practices].
6. The Chair summarized the discussion by saying that the SCPI takes note of the document and the positive performance of the investments and that FAFICS is sensitive to the issues of social and ethical investments and investments in developing countries.

7. In addition, the Standing Committee expressed its appreciation for the positive approach being applied by the RSG to improve the investment operations.

Agenda item 2(b): Results of the 34th actuarial valuation of the Pension Fund (SCPI/2018/DOC/3)

8. Mr. Sach introduced this item, reporting that the latest actuarial valuation now shows a very minor, hardly noticeable deficit of 0.05% of pensionable remuneration and that the change in the mortality tables was the major impactor in the change from a slight surplus to a negligible deficit.
9. It was noted that the Pension Fund is fully funded – a major achievement, i.e. the accrued benefit funded ratios are over 100% both with and without application of cost-of-living adjustments.

10. Conclusions of the Committee of Actuaries on the Valuation exercise.

- a. While the Fund went from a small surplus to a smaller deficit it remains very close to actuarial balance.
- b. The real return assumption on investments was exceeded significantly in 2017 with the result that the Fund remains close to actuarial balance.
- c. If the real return assumption of 3.5% is earned in the future the Fund is expected to remain adequately funded for the 50 years projection period.
- d. The alternative sets of economic assumptions illustrate that investment return continues to be the most important factor affecting the Funds financial position. Inflation fluctuations and decline in the number of participants remain relatively unimportant.
- e. Accrued benefit funded ratios continued to be over 100% with and without application of cost-of-living adjustments.
- f. Long term cash flow projections did not foresee liquidity constraints although investment income will increasingly be used to cover benefit payments in the future.

11. Points raised during the discussion included:

- a. This evaluation is very good news;
- b. It was noted that the assumptions and estimates made by the actuaries and approved by the Board are very important in the evaluation;
- c. This evaluation already includes the impact of the increase to the mandatory retirement age to 65 and the increase in the Small Pension tables by 10% that took place a few years ago.

12. The Chair summarized the discussion by saying that the SCPI takes note of the results of the actuarial valuation which showed that the Pension Fund moved from a small surplus of 0.16% of Pensionable Remuneration to a small actuarial deficit of 0.05%. Despite this small deficit the Fund is in a strong financial position.

13. The Committee expressed its appreciation to the Committee of Actuaries and the Consulting Actuary for their valued work in support of the Fund.

Agenda item 2(c): Status Report on the Emergency Fund (SCPI/2018/DOC/4)

14. Mr. Schramek introduced this item, reporting that the Pension Fund Secretariat has become more professional and responsive in handling requests for emergency funds. The mechanisms are much clearer and effective, including the possibility for individuals to submit requests through the Fund's Member Self-Service portal.

15. Points raised during discussion included:

- a. Still more work is necessary in individual associations and Staff Pension Committees to spread the word about the Emergency Fund and assist in applications;
- b. The rapid payment of initial funds in cases of natural disasters is much appreciated.

16. The Chair summarized the item by noting that FAFICS appreciates the improved responsiveness of the Fund's secretariat in handling emergency fund applications and by noting further that it has been pressure from FAFICS that has led to the improved functioning.

Agenda item 2(d): Application of paragraph 26 of the Pension Adjustment System (SCPI/2018/DOC/5)

17. Mr. Schramek introduced this item, reporting that there are now not only criteria for applying paragraph 26 (i.e. suspending of the local currency track benefit and moving all retirees in a country to the dollar track) but also for reinstating the local currency track system in a suspended country if it is determined that economic conditions within that country are stable.

18. He noted further that for administering paragraph 26, the Fund's secretariat has an improved bi-annual monitoring in place to help assess national economies.

19. During the discussion, the following points were raised:

- a. No countries where paragraph 26 has been applied have yet been reinstated, including specifically Kenya whose economy is still not stable;
- b. In most of the suspended countries only few beneficiaries have been affected;
- c. Upon eventual reinstatement, beneficiaries who previously were on the dual-track system will have the choice to remain on the dollar-track or to return on the local track.
- d. FAFICS can advise and consult with the secretariat regarding individual countries, for example assisting Myanmar's wish to have a dual-track option for beneficiaries located there.

20. The Standing Committee concluded consideration of the item by noting the information provided in the report of the Fund's secretariat and expressing appreciation for the improved monitoring process for the application of paragraph 26 of the Pension Adjustment System.

Agenda item 2(e): Election of retiree representatives on the Pension Board (SCPI/2018/DOC/6)

21. Mr. Schramek introduced this item with the FAFICS President providing the background. She reported that the OIOS audit of the governance of the Pension Board, which is not yet final and still theoretically confidential, includes a recommendation that instead of the current practice of having representatives from FAFICS representing UNJSPF retirees and beneficiaries on the Pension Board, direct elections of retiree representatives be held by all retirees and beneficiaries. The present FAFICS delegation to the Pension Board had made comments on the first draft, including noting factual errors, but these comments have not been reflected in subsequent drafts.

22. The Participants' representatives from the UN Staff Pension Committee submitted a proposal to the upcoming Pension Board. Referring to an OIOS recommendation, the participants request that a working group should develop a process for direct election of retiree representatives, with a view to having elections prior to the 2019 Pension Board session.

23. The document SCPI/2018/Doc6 highlights the many legal, logistical, and representational issues in this attempt to remove FAFICS from any role as the sole representative of UN retirees and beneficiaries in the Pension Board. The representatives of FAFICS to the current Pension Board have therefore submitted a note to the Pension Board on this matter (JSPB/65/R.61), noting that FAFICS considers the section on representation of beneficiaries in the draft audit report superficial, highly biased, fundamentally unprofessional, and replete with error. Therefore, FAFICS rejects in their entirety the recommendations 3 & 4 in the OIOS Audit and the content of the proposal by the six UNSPC participants' representatives expressed in the Pension Board document JSPB/65/5.59.

24. In the ensuing lively discussion, many points were raised indicating and expanding support for the rejection of the audit recommendations and the proposal by the UNSPC participants' representatives, including *inter alia*:

- a. There are many forms of democratic elections and the UN itself is inconsistent, with UNSPC participants representatives elected by 25% of UN participants;
- b. FAFICS should indeed insist on its role as the sole representative of all UN retirees and beneficiaries. It was stressed that FAFICS and its member associations provide assistance also to non-FAFICS members;
- c. FAFICS should ensure that its procedure for electing its Pension Board representatives is more obviously transparent;
- d. It was pointed out that direct elections of retiree representatives would affect the tripartite structure of the Pension Fund, i.e. Governing Bodies, Organizations and Participants. If the Board want to maintain this

tripartite structure, retiree representatives with voting rights could only be accommodated at the expense of the participants' representatives.

- e. That these issues should motivate FAFICS associations to continue to strive for more members; and at the same time look at means to improve communications with all its members – and indeed all beneficiaries – on Pension Board and Pension Fund matters;
- f. That other members of the Pension Board have communicated to FAFICS that they also reject the OIOS recommendations and indeed the manner of the audit and the hasty process that calls into question whether due process has been followed.

25. Mr. Schramek summarized the discussion that the **SCPI recommends that the Council support the rejection of the OIOS recommendations regarding the election of retiree representatives as well as the proposal by the participants' representatives to have the Pension Board start work on a process for direct elections by all retirees.** It is unacceptable that OIOS comment on internal FAFICS matters. He further pointed out that there was consensus that these OIOS audit recommendations, as well as the entire audit, present overwhelming structural issues and could affect the future viability of FAFICS. Furthermore, he noted that FAFICS has the internal tasks to strengthen its communications with retirees and beneficiaries through FAFICS member associations.

Agenda item 2(f): Meetings of the Standing Committee of the Pension Board (SCPI/2018/DOC/7)

26. Mr. Schramek introduced this item, pointing out that the Participants' Representatives of the UNSPC had produced another proposal for consideration by the Pension Board, also in line with the OIOS recommendation, to increase the frequency of meetings of the Standing Committee. The participants' representatives propose that the Standing Committee of the Pension Board should meet on a bi-monthly basis starting in September 2018, instead of the current practice of meeting annually. (JSPB/65/R.48)

27. He stressed that the proposal essentially would turn the Standing Committee into an 'executive committee' taking over many of the powers of the Pension Board, resulting in micro-management, as presented in more detail in the document prepared for this meeting.

28. Furthermore, there has been no demonstrated need for more frequent meetings of the Standing Committee. In fact, for the last ten years, - with one exception in 2017 - the Standing Committee has only dealt with appeal cases.

29. In the discussion a firm consensus on rejection of the proposal was confirmed, with the following points being raised:

- a. Such a proposal would take the Pension Fund in the wrong direction and would reduce the role of the Pension Board;
- b. This proposal seems to be the result of the Bureau of the Pension Board being active between the annual meetings of the Pension Board;

- c. This proposal would bring a strange 'equal but higher' form of review, complicating management and oversight;

30. Mr. Schramek summarized the item, noting that FAFICS would resist this proposal, which would lead to excessive micro-management and also would weaken the role of the Pension Board. Furthermore, to have bi-monthly meetings would need a secretariat for the Standing Committee which would require additional resources in the Fund secretariat. **The Standing Committee requested the FAFICS delegation to reject the OIOS recommendation and the proposal by the UNSPC participants to increase the frequency of the meetings of the Standing Committee.**

Agenda item 3: Other Pension Matters

31. Regarding item 3a "OIOS Matters", the representative from FFOA pointed out that there are 14 other recommendations in the OIOS audit report, but that the ones most relevant to FAFICS had been thoroughly and properly discussed in the above two agenda items.

32. Regarding item 3b "Papers being submitted to the PB by Participants' Representatives", the representative of FFOA pointed out that the Participants' Representatives of the specialized organizations have included a paper on the "Validation/Restoration of non-staff service by staff members and retirees". The paper suggests that the Fund investigate ways to open more opportunities for non-staff services (e.g. consultants) to acquire contributory time once they become staff members.

33. He also pointed out that the same group had contributed a paper to the Pension Board entitled "Effect of Member Organizations or parts of Member Organizations declining to or deferring the raising of their Mandatory Age of Separation to 65". FAFICS associations should be aware that some organizations had not yet acceded to the requirement to raise the mandatory retirement age to 65.

34. The Chair thanked the attendees for their attendance and participation during this session and closed the meeting at 18:00.

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In accordance with the terms of reference of the Standing Committee, the Chair and Vice-Chair have established the provisional agenda for the meeting of the Standing Committee on Pension Issues.

Agenda

1. Adoption of the agenda

(SCPI/2018/DOC/1)

2. Review of issues on the agenda of the 65th session of the Pension Board with particular interest of FAFICS:

- (a) Investments of the Fund
(SCPI/2018/DOC/2)
 - (b) Results of the 34th actuarial valuation of the Pension Fund
(SCPI/2018/DOC/3)
 - (c) Status report on the Emergency Fund
(SCPI/2018/DOC/4)
 - (d) Application of paragraph 26 of the Pension Adjustment System
(SCPI/2018/DOC/5)
 - (e) Election of retiree representatives on the Pension Board
(SCPI/2018/DOC/6)
 - (f) Meetings of the Standing Committee of the Pension Board
(SCPI/2018/DOC/7)
3. Other pension matters
- (a) OIOS Matters
 - (b) Papers being submitted to the Pension Board by Participants' Representatives

Gerhard Schramek

Warren Sach

Chair

Vice-Chair

Appendix 6: Report of the Standing Committee on After-service Health Insurance and Long-term care (ASHIL)

1. The Chair of the Standing Committee on Health Insurance and Long-term Care, Georges Kutukdjian, opened the meeting at 10.30. He outlined the number of issues that the Committee would be taking up in the course of its debate, and thanked Katia Chestopalov, Vice-Chair of the Standing Committee, who would be drafting the report of the Standing Committee.

Agenda item 1: Adoption of the agenda

2. The agenda was approved as submitted (see attachment 1).

Agenda item 2: Progress report on the work of the Working Group on After-service Health Insurance (ASHI) of the HLCM Finance and Budget (FB) Network

Background

3. The Chair recalled that the Chair and Vice-Chair of the Standing Committee had informed the FAFICS Council at its 45th and 46th sessions of:
 - a. Relevant resolutions of the General Assembly, in particular A/RES/68/244, requesting '*the Secretary-General to undertake a survey of current health-care plans for active and retired staff...*';
 - b. The establishment of the inter-agency Working Group on ASHI and the designation by FAFICS of its four representatives, namely Georges Kutukdjian and Katia Chestopalov, Chair and Vice-Chair of the Standing Committee on ASHIL, Gerhard Schramek and Warren Sach, Chair and Vice-Chair of the Standing Committee on Pension Issues;
 - c. The terms of reference of the Working Group (WG) approved by the FB Network;
 - d. The successive reports of the WG submitted for endorsement to the FB Network, the High-Level Committee on Management (HLCM) and the Chiefs

Executive Board (CEB) and their subsequent submission to the Advisory Committee on Administrative and Budgetary Questions (ACABQ);

- e. ACABQ's recommendations on the Secretary-General's 2016 report to the Fifth Committee;
- f. The Resolutions of the United Nations General Assembly at its 69th, 70th and 71st sessions.

Decisions of the FAFICS Council at its 45th and 46th sessions

4. The Chair recalled that the Council at its 45th session (2016) had identified key issues which the FAFICS representatives should continue to address with all due rigor: ASHI was an essential element of the conditions of employment. It was a social, not a financial matter, and retirees' acquired rights must be protected. The notion of one-size-fits-all should be rejected. ASHI was not a Common System issue, and the mandatory incorporation of national health insurance schemes as primary insurance should be rejected.
5. At its 46th session, the Council had asked the FAFICS representatives to take up the issue of the necessary recognition of Third-Party Administrators (TPAs) in those countries (such as Switzerland) which required that coverage of insurance providers be at least up to the national standards, to secure the inclusion, in the WG's work programme, of the question of the representation of retirees on health insurance executive/management committees of the U.N and Common System agencies. Council also recommended that the question of long-term care be included on the agenda of its 47th session.

Update on the work of the WG on ASHI

6. Since the last Council, the WG had held twelve videoconference meetings and two face-to-face meetings. The main issues discussed were: collective agreements with Third-Party Administrators (TPAs) and collective negotiations with healthcare providers, establishment of an insurance group under the aegis of the FB Network, national health insurance schemes, portability, eligibility for ASHI, accrual mechanism with sliding scale.

General principles

7. The FAFICS representatives had repeatedly stressed in discussions of the WG, the principles of acquired rights, solidarity, fairness and equity – principles also upheld by the FICSA representative.

8. The recommendations of the WG would apply to newcomers only and not to currently serving or retired staff.

Collective agreements with TPAs and collective negotiations with healthcare providers

9. Collective agreements with TPAs would give added leverage to Organizations in their negotiations. Harmonized requirements in contracts with TPAs could improve performance standards (i.e. due diligence in the treatment of claims for reimbursement) and reporting and audit exigencies. Collective negotiations with healthcare providers already carried out by self-administered schemes and within agreements with TPAs have already demonstrated that substantial savings can be made while retaining the same quality of health care.

Establishment of an Insurance Group under the aegis of the FB Network

10. In view of the fact that the Working Group would have completed its work and be dissolved once the Secretary-General of the U.N has presented his report to the General Assembly, the WG proposed the establishment of an inter-agency Insurance Group with a similar composition –namely representatives of Organizations, FAFICS and FICSA. The mandate and structure of such a Group is still under discussion.

National health insurance schemes (NHIS)

11. The questionnaire, sent twice to all Member States, had nonetheless elicited few answers. The WG therefore had carried out a cost/benefit study in respect of nine countries where large numbers of U.N. System retirees reside. The study showed that savings would be negligible, but that recourse to national health insurance schemes as primary insurers would entail an additional administrative burden. Moreover, such recourse would limit the mobility of retirees, expose them to reductions in NHIS coverage and also expose Organizations to rising costs of contributions to NHIS. It would give rise to a situation where primary national health insurance plans being subject to national legislation, Organizations lose control over changes in legislation in respect of health insurance. U.N. Organizations would be obliged to accept any future changes to terms and conditions of national schemes that might be introduced, in particular changes in contribution and reimbursement rates and scope of coverage.

Portability

12. The issues of portability arise on the occasion of the transfer of a U.N. staff member from one Agency to another, and in particular from one health insurance scheme to another – including the issue of responsibility for the liability. After careful examination of the question, the WG considered that transferring solvency funding would not be practicable. It would also be counterproductive and discourage inter-agency mobility, which is to be encouraged. The eligibility criterion (see para. 13 below) could be an obstacle to portability if the releasing Agency's eligibility criterion is to be set at 10 years of service and that of the receiving Agency is 15 years.

Eligibility

13. At present, in the U.N. and most of the Common System agencies, one must have ten years of contributory service in order to be eligible for ASHI. A proposal was made that the eligibility criterion be increased to fifteen years. The arguments to support this proposal were the extension of the statutory age of retirement from 62 to 65 years and the longevity tables which impact the ASHI liabilities of Member States. If such a decision was adopted, it would over the years decrease the amount of ASHI liabilities in the light of the principles the International Public Sector Accounting Standards (IPSAS) adopted by the General Assembly and implemented in the Common System. IPSAS rules require that all liabilities be fully funded. However, many staff members would not be eligible for ASHI upon retirement as they would not have 15 years of service.

14. The FAFICS representatives opposed this proposal first because, in the U.N. System, international civil service careers are no longer as lengthy as in the past and secondly because the increased mobility of staff between the U.N. System, other Inter-Governmental Organizations (IGOs), Non-Governmental Organizations (NGOs), and public and private sectors.

15. Hence, increasing the eligibility requirement from ten to fifteen years would leave a number of future active staff members, in particular locally-recruited field staff, without health insurance coverage after retirement as a result of their employment within the U.N. System.

Accrual mechanism with sliding scale

16. Under this proposal, the ASHI eligibility criterion would be maintained at ten years. However, upon retirement there would be a mechanism which would increase through a sliding scale the level of contribution of those whose contributory service is less than twenty-five years. It would be a system of apportionment according to the length of

contributory service within the U.N. System. A future active staff with 25 years of contributory service or more would not be affected, as this mechanism would not be applicable.

17. The FAFICS representatives opposed this proposal because it runs contrary to the principles of solidarity, fairness and equity. This proposal increases the share of contributions of retirees and beneficiaries in order to decrease the liabilities of Member States, in other words shifting the financial burden onto future retirees. By applying the sliding scale, retirees would have to pay higher ASHI premiums. Furthermore, in cases where ASHI premiums are based on a notional pension benefit assuming 25 years of contributory service in the UNJSPF, the premium payable would be higher as opposed to using the years of service. The retiree would thus be penalized twice: first because of a reduced pension and second because of a higher ASHI premium.
18. The Working Group is interested in both of the above proposals, which would both have an impact on all future retirees.

Conclusions of the FAFICS representatives on the WG

19. Health insurance is a fundamental pillar of social security and part and parcel of the conditions of service in the U.N. System. Staff members joining the U.N. have an expectation that ASHI will be available to them and their eligible dependents upon meeting a stated service time or complying with other requirements.
20. A trend was noted whereby SHI managers attempt to identify the costliest health insurance users –the retired older persons- and transfer costs to them in order to reduce unfunded future ASHI liabilities. Greater intergenerational solidarity and fairness are needed in U.N. System SHI plans, not less, and equitable treatment is called for regardless of duty station or nationality/place of retirement.
21. As FAFICS opposed the two proposed cost containment proposals, which would apply to newcomers, (increase in the requirement for contributory service from 10 to 15 years and application of a sliding scale to the apportionment of contributions to health insurance), the U.N. representatives on the WG expressed concern that in the absence of cost containment proposals from the WG, Member States could impose cost reduction measures of their own. With this in mind and realizing that FAFICS cannot take a completely negative position, the FAFICS representatives devised a proposal which, in their view, is both fair and easy to administer. It is submitted below for consideration by the Standing Committee.

FAFICS proposal

22. Eligibility criteria for ASHI and ASHI premium

On separation the staff member is 58 years of age or older (58 being the new early retirement age);

The staff member has participated in a health insurance scheme of U.N. Common System organization for at least 10 years.

FAFICS draws on the UNJSPF provision that applies reduction factors to the pension benefit of a participant electing early retirement. The rationale for applying early retirement reduction factors is that the staff member who retires early will receive a pension for a longer period, thus increasing liability for the Fund. By applying a similar rationale for ASHI, it is proposed that a staff member electing early retirement shall pay:

- a) The full ASHI premium until the participant reaches the normal retirement age of 65;
- b) After the normal retirement age, 75% of the premium, except,
- c) If the participant's service was 25 years or longer, 50% of the premium.

If approved, the new provision would only apply to newly appointed staff members.

23. The above proposal is based on the premise that a UNJSPF participant electing early retirement makes that decision in full knowledge of its impact on his future pension benefit and taking into account that early retirement also affects the level of contribution to ASHI.

Consideration by the Standing Committee

24. In the ensuing animated discussion of the detailed report of the FAFICS representatives, the utmost importance of upholding the principle of acquired rights, protecting the interests of retirees and maintaining health insurance benefits at an appropriate level was repeatedly stressed.

25. It was pointed out that some agencies had accumulated funds to fund health insurance liabilities (e.g. IFAD fully, FAO partial and growing), but that many Organizations, including the United Nations, had not done so. Member States were preoccupied with actuarial deficits. While the Secretary-General had proposed options for gradual funding of ASHI liabilities in his two earlier reports to the UNGA, the General Assembly still also supported pay-as-you-go as a viable option. As the costs of medical care were escalating

everywhere, even an insured health insurance plan could have a deficit -a raise in premiums did not always permit to keep up with costs.

26. FAFICS noted that liabilities exist only if an Organization ceases to exist.
27. The FAFICS cost containment proposal was discussed at length, and further background and clarifications were given to the Standing Committee. It was noted that ACABQ documents showed clearly that ACABQ expected proposals to reduce costs.
28. It was pointed out that some staff members take early retirement for health reasons. Under this proposal, what would happen to the surviving spouse of a retiree who died between the age of 58 and 65? The Chair indicated that the FAFICS proposal could include a proviso to cover such situations.
29. As to the impact of such a measure on ASHI liabilities, it was indicated that the FAFICS representatives did not have the data and tools to make projections. If authorized by Council to make this proposal, they can ask for projections and calculations to be made. The number of early retirements is small, about 1000 per year.
30. After extensive discussion, the Standing Committee endorsed the FAFICS proposal and agreed that it be made to the HLCM FB Network on ASHI.
31. The Standing Committee concluded by expressing unanimous appreciation for the sustained work of the FAFICS representatives on the HLCM FB Network on ASHI.

Agenda item 3: Participation of retirees in management or advisory entities of health insurance schemes of the U.N. Common System agencies (SCHIL/DOC/3)

32. The Chair recalled that the FAFICS Council at its 41st session in 2012, had adopted a resolution regarding the participation of retirees in the management and advisory committees of health insurance schemes of the U.N. Common System agencies. The Council had requested Member Associations to ensure that representatives of retirees were enabled to be present and to make interventions in health insurance management or advisory committees. At its 46th session, although Council had noted that several Organizations had guaranteed formal and full participation of retiree representatives on such committees, other Organizations had remained reluctant to make such a move, notwithstanding the reiterated requests for such participation. The Council had thus requested the President to bring this issue to the attention of the U.N. Secretary-General in order to obtain a decision at the highest level granting the full participation of retirees in management or advisory committees of health insurance schemes.

33. The President had written to the U.N. Secretary-General on 31 August 2017, bringing this matter to his attention and subsequently had been in direct contact with several high-level officials in the U.N. Secretariat on the subject. Regrettably, no reply had been received to-date. The four FAFICS representatives on the HLCM FB Network WG on ASHI on their part had requested that the full representation of retirees on management or advisory committees of health insurance schemes be placed on the agenda of the Working Group and discussed. However, most of the representatives of the U.N. and Common System agencies had considered that this issue was not within the purview of the Working Group.
34. At its 11 June 2018 meeting, the Bureau had therefore decided that the Chair and Vice-Chair of the Standing Committee on ASHIL should request Member Associations based at Headquarters duty stations to provide information on the governance structure of their respective health insurance schemes. This was done on 26 June 2018. To-date, replies had been received from AAFI-AFICS-Geneva, AFICS-NY, AFUS-France, ARICSA-Vienna, CAFICS-Canada and FFOA-Rome.
35. The President and the Bureau should follow up on the request of 31 August 2017 to the U.N. Secretary-General. The Chair and Vice-Chair of the Standing Committee would be continuing this exercise until all relevant information had been obtained from all parties concerned and would be presenting a comprehensive overview at the 48th Council session. If the High-Level Committee on Management (HLCM) approved the establishment of an inter-agency health insurance group, this issue should be included as a priority item on its agenda.
36. An AAFI-AFICS representative thanked the President for her efforts in this matter and suggested that another follow-up be made, making it clear that the request concerned the health insurance committees of the U.N. Secretariat in New York and of the U.N. Office at Geneva, as it appeared that in all specialized agencies which had their own schemes retirees had full membership status on their respective health insurance management or advisory committees. It was only in the U.N. that representatives of retirees on such committees had only 'observer' status. The President indicated that the Office of Human Resources Management at U.N. HQ had stated that legal advice had to be obtained. She considered that a follow-up could be made after legal advice had been received.
37. A suggestion was made that the collection of information on retiree representation be stepped up to include other U.N. Common System entities, such as ESCAP (Bangkok), ECA (Addis Ababa), ESCWA (Beirut), ECE (Geneva).

38. A FAFICS representative on the HLIC FB Network WG on ASHI recalled that when the issue had been raised at the WG with a request that the question of the representation of retirees of health insurance committees be included in the report of the U.N. Secretary-General to the General Assembly there had been opposition by U.N. representatives, while the representatives of specialized agencies had remained silent.
39. The representative of AFICS-NY indicated that the structure of the HLIC had been set up at a time when the staff-management set-up was different, hence the need for the U.N. Secretariat to obtain legal advice. A representative of FFOA stated that there was retiree representation on the FAO Health Insurance Advisory Committee, but that the Committee had not met in the last two years. The representation of retirees on committees dealing with medical cases was essential –that on committees dealing with insurance management was not.

Agenda item 4: After-service Health Insurance (ASGI) coverage of locally-recruited field staff by the Medical Insurance Plan (MP) (Doc. SC/ASHIL/DOC/4

40. Invited by the Chair to present AAFIB-Brazil's proposal, the President of AAFIB indicated that it has been prompted by two specific cases of health-related hardship involving retired locally-recruited field staff insured by MIP. He informed the Standing Committee that ASHI coverage and benefits mainly fell into three categories:
- a. Former internationally-recruited staff who had a superior health insurance, with annual reimbursement ceilings ranging from US\$ 150,000 to US\$ 250,000;
 - b. Certain U.N. agencies (such as WHO/PAHO, UNAIDS, the International Agency for Research on Cancer (IARC, Lyon, France), the International Computing Center (UNICC), ICAO (Montreal), the World Bank Group (except for contracts of less than 150 days), CERN (Geneva), WFP (except in certain countries), UNESCO, ITU, ILO and FAO provided locally-recruited staff members with the same high-level health coverage as that of internationally-recruited staff while in service and after retirement;
 - c. Locally-recruited staff members in designated duty stations outside U.N. Headquarters were automatically enrolled in the Medical Insurance Plan (MIP). This plan was voluntary for eligible dependents and retirees who meet the eligibility criteria for after-service health insurance coverage. The average annual reimbursement ceiling was fixed at six times the MIP reference salary. Depending on the country, this ceiling could amount to between US\$ 15,000

and US\$ 30,000. Staff members and retirees and their eligible dependents only covered by the MIP were thus highly vulnerable in the event of prolonged hospitalization or major illness. In some countries, national health systems could reduce or eliminate this vulnerability, but that was not the case for Brazil.

41. Precarious national health services and low annual reimbursement ceilings constituted a disastrous scenario for former locally-recruited staff members covered by MIP, particularly if their monthly pensions were below US\$ 3,000.
42. AAFIB-Brazil, in consultation with the FAFICS Associations based in Latin America and the Caribbean Region which support this initiative, proposed that the MIP annual reimbursement ceiling be raised to at least 20 times the MIP reference salary of active and retired staff. It was understood that the implementation of this measure would require an increase in contributions payable by the respective U.N. organizations concerned as well as by staff in service and retirees.
43. A ceiling fixed at 20 times the MIP reference salary would correspond to US\$ 100,000 in high-cost countries and to US\$ 50,000 in low-cost countries.
44. This proposal had been discussed with the Staff Association in Brazil. AAFIB-Brazil asked for the Council support so that FAFICS could take the necessary action in this respect.
45. It was pointed out that the MIP rules contained provision C.5 - 'Hardship situations', which could apply in the cases referred to. The President of AAFIB-Brazil indicated that the hardship provision had been raised and discussed with UNDP and CIGNA. It had indeed been applied in one of the cases in question, the ceiling being raised from US\$ 30,000 to US\$ 50,000. However, it had not been possible to obtain that it be raised further. After days in intensive care, the increased ceiling had been reached and no further reimbursement could be claimed. In such cases, when further medical treatment was unaffordable, a person insured by the MIP could die.
46. In discussion, support for the proposal was expressed. It was pointed out that locally-recruited staff and retirees in Bangladesh experienced difficulties in obtaining reimbursement of medical expenses. A suggestion was made that a revised ST/AI circular making the application of the hardship provision more flexible be issued. The representative of the FAFICS Association in Pakistan informed the Standing Committee that the same problem was experienced in this country. AAFIB-Brazil's proposal, if implemented, would benefit persons insured under the MIP in Pakistan as well. The representative of the Burkina Faso Association indicated that there were many problems

with CIGNA. Depending on the place of residence, there were differences in treatment in the administration of claim reimbursement. The representative of the FAFICS Association in Argentina expressed support for the proposal. The representative of the FAFICS Association in Mali indicated that within the same country, even former staff from the same Organization could be treated differently, depending on the administrative set-up of the local office of an Organization and on the training which the local Human Resource officers had received.

47. The representative of the Bangladesh Association indicated that there had been problems in arranging for the payment of MIP premiums by deduction from pensions. He would be meeting with the FAO Administration later in the day in order to have this problem resolved. If a solution was not found, he would be asking FAFICS to intervene.
48. The Chair reminded the Standing Committee that at this time the General Assembly and Administrations in the U.N. Common System were looking for cost containment measures. He suggested that the matter be taken up by the inter-agency Health Insurance Group or Sub-Group when it is created in a few months' time. This was not an issue which could be discussed by FAFICS with individual agencies on a piecemeal basis –it ought to be discussed in a Group where all parties, including FAFICS, are represented.
49. The Vice-Chair suggested that in the meantime complementary information on this subject should be obtained from FAFICS Associations.
50. The Chair noted that in the proposal no rationale was given for a raised ceiling obtained by multiplying the MIP reference salary by 20. In a climate of cost reduction, it was necessary to be very careful how FAFICS addressed these issues. He suggested asking for improvement in the application of the hardship provision, as this could be successful since it did not require an increase in contributions. One real problem was also how to get things done when one is in the field and the insurance administration in New York.

In conclusion, the Standing Committee agreed that:

- a) The Chair and Vice-Chair of the Standing Committee would request all Associations to provide information on the problem;
- b) The matter was to be referred to the inter-agency Health Insurance Group or Sub-Group to be set up in the next few months, as the FAFICS representatives on the HLCM FB Network had been given assurances that FAFICS would be represented on it;

- c) Ways and means of improving the hardship clause in the MIP rules should be devised so as to draw the attention of U.N. bodies to this issue.

Agenda item 5: Issues pertaining to Long-Term Care (Doc. SC/ASHIL/DOC/5)

51. In introducing the document, the Chair recalled that FAFICS had adopted a definition of long-term care some fifteen years ago and adopted a policy statement at its 37th session in 2008:

‘Directly or indirectly long-term care does or will affect us all. The need for long-term care is, increasingly, a global phenomenon.

FAFICS is committed to:

- *Ensuring appropriate insurance coverage for long-term care;*
- *Enhancing consumer choice and independence;*
- *Ensuring access to services in the home and in the community;*
- *Supporting family and other care givers’*

52. The Chair further mentioned updated figures based on the 2015 Report on Ageing of the National Institute of Health (US) and the 2015 U.N. Report on World Ageing Population, which demonstrated the demographic shifts as the proportion of world population over 65 years of age increased. He noted that, while considerable progress had been made in medical science, enhancing longevity, frailty was often the price for longevity –thus making long-term care an essential element of the health insurance obligations of all Organizations of the U.N. System. FAFICS should work with Organizations of the U.N. System to ensure the strengthening of existing long-term care insurance coverage and its introduction where provisions for long-term care coverage do not exist.

53. In discussion it was recognized that health insurance was part of the social security cover, which the U.N. and Common System agencies are to provide to staff and former staff who cannot benefit from national social security systems.

54. The representative of the Pakistan Association requested that the problems arising from delays in the administration of medical claims reimbursements by CIGNA be taken up. He was informed that the HLCM FB Network WG on ASHI had already had contacts with CIGNA and invited to bring any problem experienced in that respect to the attention of the Chair and Vice-Chair of the Standing Committee.

55. The Standing Committee agreed that the Chair and Vice-Chair of the Standing Committee would request all Associations to provide facts and figures about Long-Term Care

arrangements available in their respective countries and about provisions for long-term care under the different health insurance plans of the various U.N. Common System Organizations. The results of this survey would be reported on to the 48th Council, which would discuss its findings and decide on a further course of action.

56. At the conclusion of the Standing Committee meeting, the President proposed that Georges Kutukdjian and Katia Chestopalov be re-elected Chair and Vice-Chair of the Standing Committee on Health Insurance and Long-term Care for a further 2-year term of office. **This Standing Committee agreed that this proposal would be brought to the Council.**
-

Annex 1

Agenda for the FAFICS Standing Committee on Health Insurance and Long-Term Care (SCHIL)

SCHIL/Doc.1

1. Adoption of the Agenda (SCHIL/Doc.1);
2. Progress Report on the Working Group on After-Service Health Insurance (ASHI) of the HLCM Finance and Budget (FB) Network, followed by a debate (SCHIL/Doc.2);
3. Participation of retirees in management or advisory entities of health insurance schemes of the UN common system agencies (SCHIL/Doc.3);
4. After-service health insurance (ASHI) coverage of locally-recruited field staff by the Medical Insurance Plan (MIP): Proposal of AAFIB-Brazil (SCHIL/Doc.4);
5. Issues pertaining to Long-term Care (SCHIL/Doc.5);
6. Other matters.

Appendix 7: Approved budget for 2019

Expenditure item	USD
Travel of Secretariat members	8,500
Participation in Bureau meetings	18,000
Representation	4,500
Official functions	600
Secretarial assistance	2,000
Equipment	-
Office supplies	500
Bank charges	400
Communications	200
Miscellaneous	300
Total estimated expenditure	35,000

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 48th session of the FAFICS Council as well as the 2018 mid-term meeting of the Bureau. It is assumed that in 2019 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 18,000 are budgeted to support Vice-presidents, Chairs of the Standing Committees, Special Advisors to the Bureau and a rapporteur attending the mid-term Bureau meeting held in Geneva. USD 18,000 will cover the cost of an eventual second meeting, if necessary, as well. USD 11,000 will be available from 2019 income and USD 7,000 from accumulated savings of previous years.

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. It has not been necessary to use this funding reserve until now.

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 2019 Council session.

11. **Equipment:** Purchase of equipment is not planned for 2019.

12. **Office supplies:** This item covers the cost of stationary.

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.

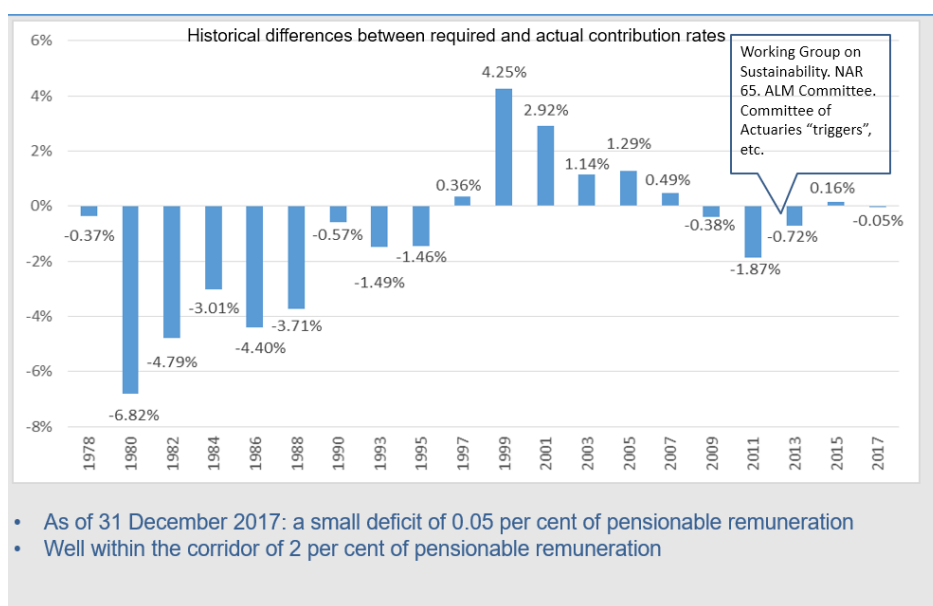
Appendix 8: Presentation by the Deputy CEO of the Pension Fund

Background

1. In 2018, the Fund is in a very good financial position
2. Unqualified opinion on 2017 Financial Statements
3. The message of the Board from 2017 was clear: focus on core activities. Since then, the Fund has focused on standardization and stabilization.
4. All beneficiaries have been paid the correct amount and on time.
5. The Fund is processing 80% of initial benefit cases within the same month in which all documents are received.
6. **Many new initiatives have been implemented: Call center, new member self-service and dashboard, liaison office in Nairobi, expanded outreach activities, increased processing rates, agile approach, new website, etc.**

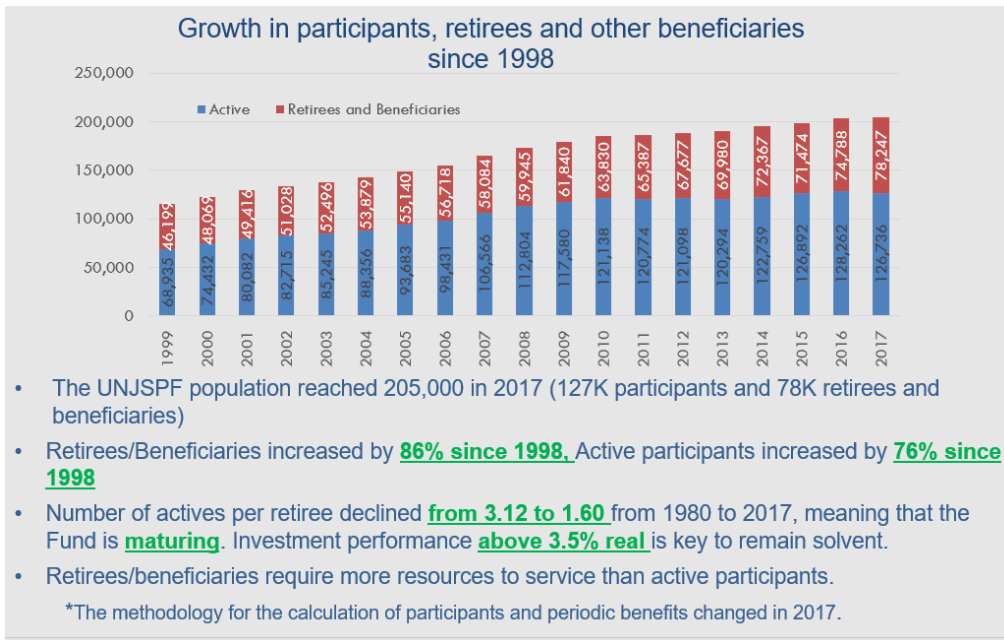
Solvency

7. The negative trend has been reversed through technical actions (see chart)

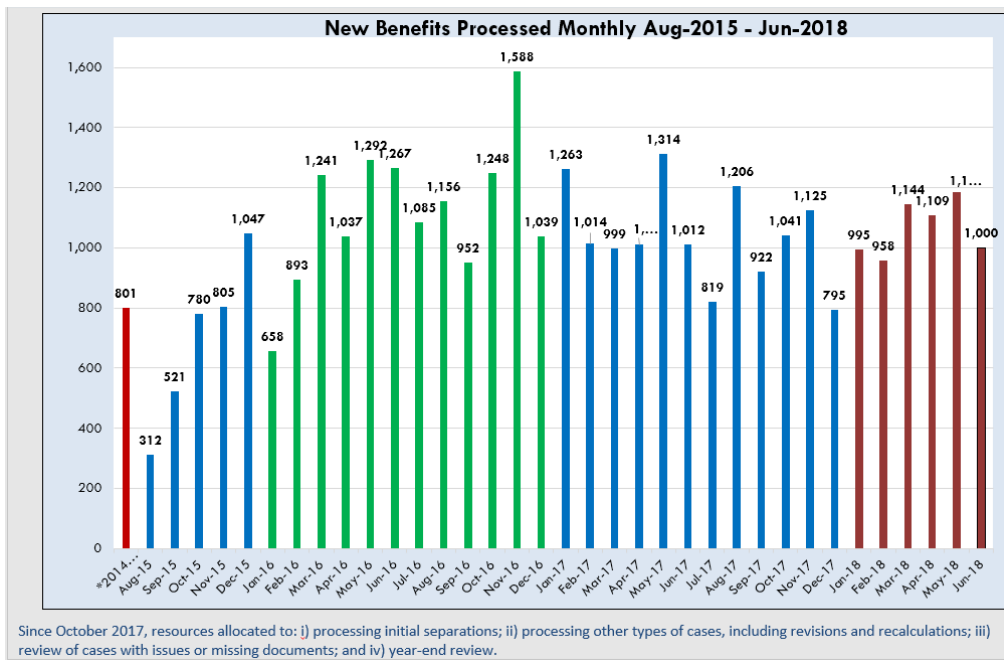


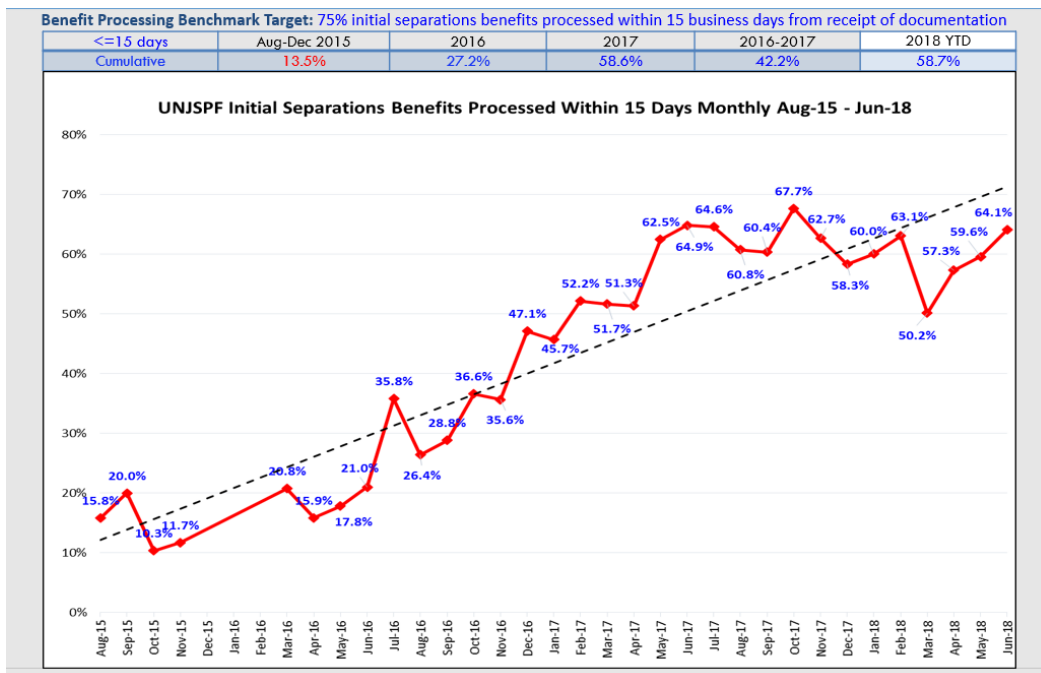
Operational Overview

8. There has been growth in participants, retirees and other beneficiaries (see chart)

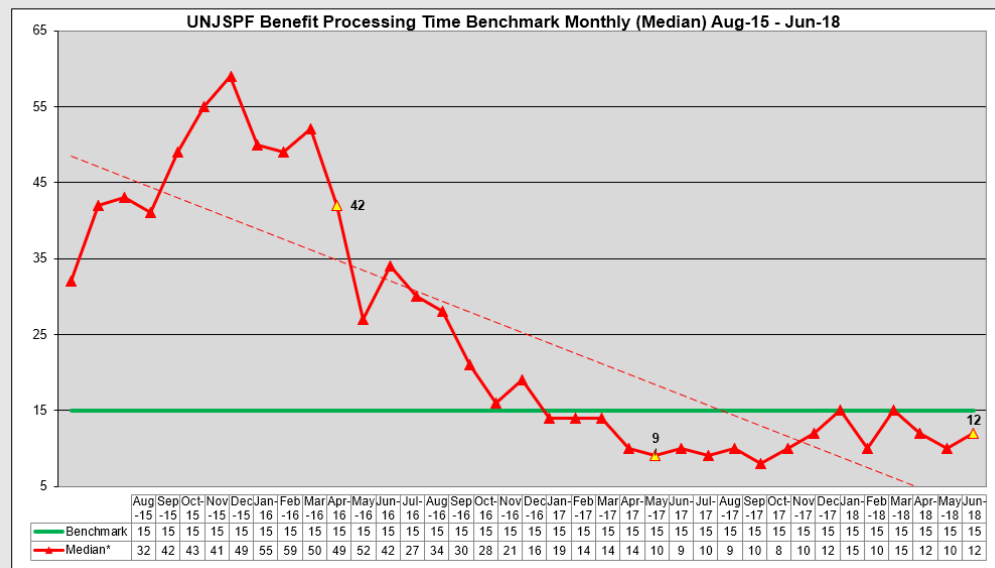


Progress in benefit processing (see charts)





10 Note: Includes initial separation benefits only.



Enhanced Client Processing

9. To address the most critical audit recommendations, the Fund enhanced and introduced new client services mechanisms to ensure client queries are addressed in a timely fashion.

10. OIOS closed the critical audit recommendation on client services.

11. Current Status

- a. 100% of walk-ins served
- b. 95% of all telephone calls answered, 100% of death-related calls addressed

- c. Immediate automated response to all emails; New online Contact Form - Emails buckets (categorization); 80% emails handled within 15 business days
- d. Enhanced Member Self-service: Launched August 2016; Over 90,000 registered users: Estimates, separation documents, real time updates on account, access to forms, address updates online for retirees/beneficiaries not on two track, annual CE can be downloaded for non two-track cases and its receipt tracked
- e. New, more user-friendly website – launched August 2016
- f. CS Tier 1 - Call Center – First level response to all incoming telephone queries and all MSS/UID related queries (phone and email); serviced by ICC staff located in New York and Valencia);
- g. CS Tier2 – UNJSPF staff who are pension experts
- h. Dedicated email inboxes for death related queries, stopped payments and emergency fund queries □ allows fast response and action for these high priority items.
- i. Urgent Attention Page on website – for the two most urgent reasons of contact: i) informing the Fund of the death of a retiree/beneficiary and ii) monthly benefit payment stopped.
- j. In person Outreach 2016/17: Africa (ONCUI, UNMIL, etc.), Middle and Far East (UNAMA, UNMIL, Kuwait RSSC, Jordan), Haiti, Budapest (GSSC UNICEF), etc. 2018 Vienna, Paris
- k. Pension Focal Point Training
- l. Pension Fund Liaison Office in Nairobi

General Assembly Resolutions 2017 (72/262 of 24 December 2017)

- 12. Most Pension Board's recommendations supported by the General Assembly, except some requested posts in Client Services and Communications.
- 13. Approved four new posts and reduced non-post resources by 5%.
- 14. Noted Board of Auditors unqualified opinion on 2016 financial statements, and stressed the need to implement audit recommendations.

15. Noted progress in processing of benefits and stressed the need to address delays for some beneficiaries.
16. Welcomed pilot service center in Nairobi and regional service center in Asia.
17. Requested OIOS to conduct audit of the governance structure of the Pension Board, including checks and balances between Board and the Fund's leadership, and report at its 73rd session.
18. OIOS audit has been completed.
19. Audit results have been shared with the Pension Board and the audit is on the agenda.

65th session of United Nations Joint Staff Pension Board

20. Actuarial Matters

- a. Results of the actuarial valuation as of 31 December 2017
- b. Membership of the Committee of Actuaries

21. Investments

- a. Management of Investments
- b. Membership of the Investments Committee
- c. IMD ICT Strategy

22. Medical Matters

23. Financial Statements for the year 2017

24. Administrative Matters

- a. Lessons Learned from the end-to-end review
- b. Status of ICT systems and initiatives
- c. Status report of the Emergency Fund

25. Audit

- a. Report of the Audit committee
- b. Membership of the Audit Committee
- c. OIOS report
- d. BOA report

- e. Governance audit

26. Governance Matters

- a. Report of the ALM Committee
- b. Membership of the ALM Committee
- c. 2016-2017 Strategic Framework – Update on indicators
- d. Terms of Reference of Officers of the Board
- e. Appointment of the Deputy CEO
- f. Appointment and Terms of Reference of the CEO Search Committee

27. Benefit System

- a. Impact of currency fluctuations on UNJSPF pension benefits
- b. Application of paragraphs 26 of the Pension Adjustment System
- c. ICSC Study of Pensionable Remuneration
- d. Restoration of deferred retirement benefits
- e. Deadlines for requests and claims under the UNJSPF Regulations and Administrative Rules
- f. Changes to UNJSPF Regulations and Administrative Rules

28. Other Matters

- a. UNAT Judgements of interest to the Board
- b. Report of the two hundredth meeting of the Standing Committee
- c. Selection of the members of the Budget Working Group for the review of the 2020 Budget to be presented at the Board's 2019 session
- d. Application for membership in UNJSPF

Challenges and Priorities

29. Reach target of 75% of initial benefits processed within 15 business days of receipt of all documents

30. Stabilization of IPAS

- a. Finishing year 3 since implementation – expect to present a proposal for upgrade as part of the next budget

- b. Will provide new features and significant benefits
- 31. Need to improve interfaces with Member Organizations (technically, functionally, organizationally)
 - a. “End-to-End” solution between the UN Secretariat and the Fund
- 32. Certificate of Entitlement (CE) process needs to be overhauled (78,000 retirees in 130 countries)
 - a. May require setting up a separate entity in the Fund
- 33. Enhance performance reporting capability
 - a. Need to build process, data and technology
 - b. Part of the next budget request
- 34. Client services
 - a. Critical audit recommendation closed
 - b. Still need to modernize for sustainability
- 35. Executive office machinery needs to be overhauled
- 36. Relationship building
 - a. OIOS, IMD, UN, Staff Associations
- 37. Succession planning continues to be high risk
- 38. Fund requires strong leadership

Conclusions

- 39. The Fund has a vision, strategic plan, clear priorities, and blueprints for a set of well-coordinated initiatives.
- 40. The Fund faces ageing, growing global demand as well as limitation in resources. The Fund continues to operate with a very compact structure and has limited resources. This remains a challenge.
- 41. The Fund will continue working on the priorities identified by the Board: ensuring that the high service levels achieved this year are maintained; and further strengthening client services and communications.

Appendix 9: Introductory Statement by the RSG for investment of UNJSPF assets

1. I am very glad to be here. It is an honor to be appointed by the Secretary-General as his Representative to manage the assets of the UN Joint Staff Pension Fund.
2. I understand concerns have been expressed in the past by some of our stakeholders about aspects of the Fund. To the extent that the issues raised relate to investment aspects, I want to assure everyone that we are reviewing and addressing them in an active, considered, and thoughtful manner.
3. I strongly believe that we in the Office of Investment Management (OIM) and all our stakeholders have the same objectives – to ensure that the assets of the Fund are managed prudently and optimally. The ultimate objective is for the Fund to be able to fully discharge our obligations to current and future beneficiaries, who number over 205,000 active and retired staff of the UN and 22 other member organizations of the Fund from around the world.
4. Let me take this opportunity to thank FAFICS for its support to OIOS' Recommendation no. 11 (in its Detailed Audit Results for Comments issued on 1 June 2018) that *'the Secretary-General should upgrade IMD to an Office ("Investment Management Office" or similar) to reflect that the responsibilities for the Fund's investments are vested in a full-time RSG at the rank of Assistant Secretary-General'*. The Secretary-General accepted this OIOS recommendation on 18 June 2018, the same day that FAFICS supported this recommendation and called for its immediate implementation. Plans for this name change were shared with the ALM Committee during their meetings in New York on 25-26 June, and with the Audit Committee during their meetings in New York on 27-29 June. These plans were also vetted by the SG's Office with OHRM, OPPBA, and OLA before being approved. A Conference Room Paper has been prepared to share these plans with the Pension Board.
5. Proactive and open, two-way communication with stakeholders and oversight bodies can go a long way in helping us achieve our objectives. Together, we will strive to move towards this goal.
6. Let me also say that our aspiration is to have the Office of Investment Management counted among the most well-regarded long-term investment institutions globally. I am confident that we can make this aspiration a reality.
7. Working in harmony with our sister organization, the Fund Secretariat, is a core objective. Both the Fund Secretariat and OIM are here for the same purpose – to provide a social safety net to the hundreds of thousands of UN and other member organizations' staff who toil day in and day out, often in challenging locations and circumstances, to make this a better world. We owe it to them to find ways to collectively serve them better.
8. As part of my on-boarding process, the Executive Office of the Secretary-General shared with me the Terms of Reference of the RSG, as approved by the General Assembly in 2014. Please rest assured that I will follow these Terms of Reference closely, even as I am committed to foster harmonious functioning internally and externally, and to proactive and open communication with all our stakeholders.
9. A few words now on investments: Last year, we added USD9.7 billion to the Fund's assets, marking the biggest increase in the history of the Fund. My colleague, Herman Bril, will provide additional details in a few minutes. Of course, financial markets are known to be quite volatile from

one year to the next, and can easily take away the gains which they may have bestowed on us the previous year. Since the beginning of 2018, despite increasing market volatility – primarily related to the strength of the US economy and resulting increases in US interest rates -- the Fund’s value has remained stable. The assets of UNJSPF were valued at USD 64 billion as of 30 June 2018 (based on preliminary unaudited data). The Fund’s investment returns have exceeded the policy benchmark’s investment returns during the first half of 2018.

10. Annualized returns on the assets have comfortably exceeded the Fund’s Long-Term Objective of 3.5% real (net of inflation) in USD terms -- for 1, 3, 5, 15, 20, and 50 year periods ending 31 March 2018. Only the 10-year period is slightly below this target, due to the 2008 Global Financial Crisis. Measuring returns over long time-periods (15 years or more) is the most appropriate for pension funds, because pensions are paid out over a very long time.

11. It is in the best interests of beneficiaries that pension fund investments maintain a long-term focus. UNJSPF is financially healthy and is in a good position to meet all its obligations to its beneficiaries, as the most recent actuarial valuation (as of December 31 2017) report has confirmed.

12. During the first half of 2018, we took important steps within the Office of Investment Management to improve communications, and institutionalize incremental improvements in investment, risk management, and operational processes. We have successfully closed 20 OIOS and 8 BOA audit recommendations so far this year, and enhanced tracking of our HR processes for recruitment and onboarding of new staff. 10 new staff have been on-boarded so far this year, and six vacant posts are at various stages of recruitment. We also started an Internship Programme for the first time, and already have 12 interns working with us – their contributions have been widely welcomed by the teams with which they are working.

13. We have made a strong effort in reaching out to all our stakeholders, and in maintaining proactive, open, two-way communications with them. As part of this effort, we have completely revamped our website. The first version of the upgraded website is targeted to be available before the start of the Pension Board meetings, and should be ready within the next few days.

14. We have started weekly meetings with my entire Senior Management Team (which includes the CFO who reports to both the RSG and the CEO), opened up our weekly investment meetings to all staff, and initiated quarterly All-Staff meetings. We have established an Internal Investment Committee (IIC) and a Private Markets Committee (PMC). We have operationalized a Risk Committee (RC) and a Compliance Committee (CC). In addition, we have an ICT Steering Committee, which oversees on-going work on the Target Operating Model, and a Transaction Costs Committee.

15. An anonymous survey of all Investments staff (69% response rate) revealed that 71% of staff felt ‘things were changing for the better since beginning of 2018’, and no staff felt that things were changing for the worse. We hope to build on this good beginning by regularly engaging in proactive, two-way communication with all staff.

16. Since taking office on 1 January 2018, I have emphasized the importance of incorporating Sustainable Investing practices in the Fund’s global investment portfolio, and making every effort to incorporate Environmental, Social, and Governance (ESG) metrics and the UN Sustainable Development Goals into the Fund’s investment process wherever feasible. I have added resources to this effort. UNJSPF Investments is in the process of evaluating additional measures to strengthen our efforts in this area under the leadership of the Director, Herman Brill.

17. Our approach is grounded in the belief that portfolios which integrate material ESG metrics in their investment decision making process have the potential to provide returns that are superior to those of conventional portfolios, while exhibiting lower risk over the long term. Our efforts have been recognized in the PRI Sustainability Report 2018, which has given us an improved score, as well

as several other independent institutions focused on this space. You can find more details on the Fund's Approach to Sustainable Investing, and our work in this area, on our website.

Pension Fund Alert: Retiree Rights in danger

1. The FAFICS Council, representing tens of thousands of UNJSPF retirees worldwide and 63 AFICS country-based associations, convened in Rome from 20-25 July 2018.
2. Council welcomes the news that the Pension Fund is in a healthy financial state being fully funded, in actuarial balance, and with an unqualified audit opinion.
3. Council recalls that FAFICS under the Pension Fund Rules of Procedure is the sole recognized representative of retirees/beneficiaries established almost 50 years ago in consultative status with ECOSOC, and reaffirms its role to protect and maintain the interests of all UNJSPF retirees worldwide.
4. Council regrets that the audit report by the Office of Internal Oversight Services on the governance of the UNJSPB is error-ridden, with a negative tone and language and total disregard of the corrections/comments provided by FAFICS.
5. Council further regrets the lack of genuine dialogue in the audit process, noting that the OIOS arrived at its faulty conclusions without attending even a single Board session and firmly declined to introduce its audit report in person to the Board.
6. In light of the foregoing, Council rejects the recommendations on FAFICS which exceed the OIOS mandate and interferes in the internal working arrangements of a sovereign, independent Federation, in particular by attempting to limit the role of FAFICS retirees' representatives in the Pension Board and imposing a particular elections process under the guise that such elections would ensure greater democracy. FAFICS reiterates that every member attending the FAFICS Council is a democratically elected member. Council calls upon the Pension Board to reject the unwarranted attack on retirees by the audit treatment of FAFICS.
7. Council calls upon the Pension Board and the General Assembly to fulfil their due process obligations and ensure that any action to be taken on the Pension Fund Governance Review is in the best interests of the United Nations Common System and all the staff and retirees thereof.