



FÉDÉRATION DES ASSOCIATIONS DES ANCIENS FONCTIONNAIRES
INTERNATIONAUX

FEDERATION OF ASSOCIATIONS OF FORMER INTERNATIONAL CIVIL SERVANTS

**Thirty-fifth session of the Council
Geneva, 4-7 July 2006**

Report of the session

1. The thirty-fifth session of the Council of the Federation of Associations of Former International Civil Servants was held from 4 to 7 July 2006 at the United Nations Office at Geneva (UNOG) under the presidency of Witold Zyss. The session was preceded on 3 July 2006 by the meetings of two open-ended working groups: one on after-service health insurance and long-term care chaired by Michael Davis and the other on the revision of the FAFICS statutes chaired by Witold Zyss. Another working group, on the Pension Adjustment System, chaired by Jean Hanus, met on 5 July 2006.

Participation

2. Twenty member associations were represented at the session, directly or by proxy. The list of participants is contained in Appendix 1

Opening session

3. The FAFICS President declared the meeting open at 9.35 a.m. and welcomed the participants to what he hoped would be a very fruitful meeting. He was very conscious of the heavy agenda that had been drawn up and the large number of papers and conference room papers that would have to be covered.
4. The President announced with regret the death of the founder of AAFICS - Australia, Dr. John Hirshman, and asked Council to observe one minute's silence in his memory. Mary Johnson (AAFICS - Australia) paid tribute to Dr. Hirshman who had been a highly respected member of society in Australia and had enjoyed a distinguished medical career. He had been a member of numerous international humanitarian organisations, in addition to having presided over the Australian Association of Former International Civil Servants from its earliest days.
5. Ms. Aminata Djermakoye, Director of Administration, UNOG, speaking on behalf of Sergei Ordzhonikidze, Director-General, UNOG, expressed her pleasure at being invited to welcome the participants to Geneva. She commended them on their unwavering commitment to the United Nations in times of turbulence. Describing retirees as 'the wheels of the present and the future', the voices of the former international civil servants that went far beyond health insurance and pension issues assured the future of the international civil service.

6. She outlined the current moves being mooted within the United Nations secretariat relating to the realignment of the conditions of service in the field with those at headquarters. This was evidenced by the importance currently being attached to the principle of staff mobility, the earmarking of posts in peacekeeping operations for headquarters staff, improvement in inter-agency transfer conditions for General Service staff and the increase in outsourcing that had already been introduced in various operational areas.
7. Ms. Djermakoye reaffirmed her support for the Federation in particular with respect to facilitating the admission of its members to the UN premises in Geneva and the provision of appropriate facilities for the Federation. She wished Council every success in its endeavours.

Agenda item 1: Adoption of the agenda

8. Council adopted the provisional agenda (document Council 35/2006/D.1) as submitted, together with the provisional schedule of work (document Council 35/2006/CRP.1). The agenda as adopted is contained in Appendix 2. The list of documents submitted to Council is reproduced as Appendix 3.

Agenda item 2: Report of the President

9. The President welcomed the participants to Geneva, in particular those new to the deliberations of the Council. He noted with satisfaction that the number of member associations was steadily growing. The Federation could justly claim that it was truly representative of the entire body of retirees and beneficiaries of the United Nations Joint Staff Pension Fund (UNJSPF).
10. The agenda of the Council, like that of the Pension Board, was especially heavy. He would thus draw on the expertise of his colleagues to introduce various aspects of the upcoming Board deliberations.
11. He pointed to the actuarial valuation of the Fund, which had disclosed the fifth consecutive surplus equivalent to 1.29 per cent of the pensionable remuneration. He hoped it would prove possible to continue the 'phased approach' to eliminating the reduction of 1.5 percentage points in the first cost-of-living adjustment after separation.
12. He focused on the remarks made by Mr. Burnham, Under Secretary-General for Management and the Secretary-General's Representative for Investments, who had claimed that the Pension Fund's investment performance was highly unsatisfactory and could be greatly improved by outsourcing management of the Fund's assets to private financial institutions. In his presentations to Staff Pension Committees, Mr. Burnham had failed to specify his proposals for change, just as he had failed to respond in substance to the letter sent him by the FAFICS President.

13. The jury was still out on the issue of the size and composition of the Pension Board and its Standing Committee. Whereas the original idea had been to increase the size of the Board, the current proposal was to reduce it significantly and hold annual sessions of the Board.
14. The Federation was strongly in favour of the principle of retirees' representatives being accorded voting seats on the Board. However, since that was hardly feasible at the present juncture, the Federation recognised the importance of securing funding for the cost of attendance of some of its representatives in the sessions of both the Pension Board and the Standing Committee. The working group on the issue set up by the Pension Board had recommended that for the next session of the Board, the two retiree representatives to the Pension Board whose travel costs would be borne by the Fund should be appointed by FAFICS. Similarly, one representative to the Standing Committee whose costs would be borne by the Fund should be appointed by FAFICS. The Federation was not opposed to the principle of the retirees' representatives being elected by the entire body of retirees. When the time came, it would present its candidates and trust that they would be elected.
15. The President paid tribute to the good relations maintained throughout the past year with the CEO/Secretary of the Pension Fund and his associates, past and present. Although the CEO/Secretary had proposed some relief for the loss of purchasing power suffered by retirees in countries faced with 'dollarisation', no such positive developments could be reported for the former participants in the former USSR, Ukrainian SSR and Byelorussian SSR.
16. He drew attention to other pressing issues: after-service health insurance and long-term care, the pension adjustment system, the revision of the Federation's statutes and the current financial situation.
17. In closing, the President paid especial thanks to Anders Tholle, Secretary of the Federation, who, together with Odette Foudral and Pauline Glaser in Geneva and Lydia Ontal in New York, had played a leading role in the preparations for the meeting. He was also very grateful to Juan Mateu who, in addition to guiding delegates through the labyrinthine entrance area and related registration procedures, had contributed to the preparation of the conference room papers. He also thanked those who had volunteered to help with the preparation of various sections of the report: Peter Lillie, Roger Eggleston, Jean Hanus, Aurelio Marcucci, Michael Davies and Richard Nottidge.
18. The full text of the President's report is contained in document Council 35/2006/CRP.2 (Attachment 1).

Agenda item 3: Applications for membership

19. The President confirmed that applications had been received from four associations that met the conditions for membership in FAFICS: ARNUC - Congo-Kinshasa, AEFSNU - Ecuador, AEFNUP - Peru and AFICS - Netherlands.
20. Council welcomed the four new associations with a round of applause.
21. Anton Kruidenink, President of AFICS - Netherlands, thanked Council for welcoming into its midst his association that currently numbered some 100 members. As proxy for AEFSNU - Ecuador, Leda Rosso (AFICS - Argentina) expressed her thanks to the Federation for accepting the Ecuadorian associations into its ranks. Tribute was paid to the tenacious work and untiring efforts of the presidents of both the Dutch and Peruvian associations to secure those associations' membership in the Federation.
22. Council noted with regret that Mr. Mwane Gamokole, President of ARNUC - Congo-Kinshasa, had been refused a visa for entry into Switzerland. It had been announced that another representative would come in his stead and might hopefully be able to cast light on the situation¹. In any event Council urged the President to follow up on the matter that was unprecedented in the history of the Federation. The incident pointed up the need to apply for visas well ahead of time as the next session of the Council would be held in New York. Since retirees did not enjoy the same status and privileges as active staff members, they could not expect the same preferential treatment as evidenced by the experience of the FAFICS delegation to the Pension Board meeting in Nairobi, the members of which had to pay for obtaining visas.
23. The Secretary of the Federation was urged to continue his efforts to encourage those retiree associations that were not members of FAFICS, yet were listed in the Annual Letter from the CEO/Secretary of the Fund, to join the Federation.
24. During the session, the President announced that he had received a letter from ASEFUN - Costa Rica informing him of the recently established Executive Committee and expressing support for the deliberations and decisions of the Federation, whose ranks it hoped to join in the near future.

Agenda item 4: Items on the agenda of the 53rd session of the Pension Board

25. Prior to taking up the individual items on the agenda of the Pension Board, Council was informed that the delegation to the meeting of the Pension Board in Nairobi would comprise those persons who had been elected at the previous

¹ In the ultimate analysis no representative of this Association came to Geneva.

Council session – with the exception of Oscar Larghi who was unable to attend for cost reasons².

Agenda item 5(a): Twenty-eighth actuarial valuation of the Fund

26. After a presentation by Aurelio Marcucci of the principal outcome of the twenty-eight actuarial valuation of the Fund (document Council 35/2006/CRP.7), Council briefly discussed a number of basic assumptions governing that valuation: career patterns expressed in terms of pensionable remuneration, the ratio of current to future participants and funding ratios. It was decided that **FAFICS would support the total elimination of the remaining one percentage point deduction in the first cost-of-living adjustment after separation.**

Item 6: Investments of the Fund

27. Aurelio Marcucci introduced a paper on the current status of the management of the investments of the Pension Fund (document Council 35/2006/CRP.6). He stressed that no pension fund was as diversified as the UNJSPF. To his mind, the overall performance of the Fund, whose assets had risen to \$ 33.1 billion as of 31 March 2006, was satisfactory. Whereas the annualised real (i.e. inflation-adjusted) rate of return for the biennium 2004-2005 had been 8.3 per cent, the cumulative annualised real rate of return over a 46-year period, a more important yardstick, had been 4.3 per cent, thus exceeding the target real rate of return of 3.5 per cent assumed in the actuarial valuation.

28. In the ensuing discussion, it was felt that the return over the years had been very good for a fund as large as the Pension Fund whose performance had consistently exceeded the rate of return assumed in the actuarial valuations. Although suggestions were made that the Fund might profitably explore other areas of investment, it was agreed that the World Bank's Pension Fund did not offer a good basis for comparison given its distinctly different investment history. Furthermore, Council expressed its reservations as to the possible 'new mechanisms' being proposed, and the immense resources being sought, by Mr Burnham in order to implement his new policy of privatising and outsourcing all or part of the Fund's investment portfolio. Although the Deloitte and Mercer study had criticised the current administrative structure which was considered inadequate to securing the sustainable investment returns required by the Fund, Council favoured a cautious approach.

29. **In the light of the great concern over the potential impact of the Burnham proposals, Council:**

a. Recalled the importance of the four principles underpinning the investments of the Fund's assets: safety, profitability, convertibility and liquidity.

² It turned out later that, for the same reason, Tedla Teshome was unable to attend.

- b. **Reaffirmed its adherence to the principles of responsible investment as embodied in the global compact developed by the UN Environment Programme Finance Initiative and promulgated by the United Nations; and**
 - c. **Insisted that any major changes had to be based on a proper study of the situation and duly reflected in documentation to be presented to the Pension Board.**
30. **Council agreed that the FAFICS delegation to the Pension Board should prepare a position paper that: (a) drew on the letters that the President had sent to Mr. Burnham and the Secretary-General; and (b) reflected any new developments that might occur immediately prior to the Board.**

Agenda item 11(c): FAR methodology and the impact of currency fluctuations on pension benefits

31. In his introduction of the pertinent segment of the paper he had prepared on the documents under agenda item 11 of the Pension Board meeting (document Council 35/2006/CRP.3), Jean Hanus described the impact of currency fluctuations on both Professional and General Service pension benefits. In the past such devices as setting an artificial exchange rate had merely aggravated the problem. It had to be recognised that the United Nations pension system was an 'individual system of pensions'. Income replacement based on the final net salary and the basic pension on the date of separation was fundamental to the pension system for Professional staff. Differences between pensions for retirees with identical careers, but different separation dates were due to currency fluctuations.
32. No system in the world pegged pensions to the salaries of staff in service. However, whenever the Pension Board considered it necessary to adjust things, it introduced new measures. For the upcoming session of the Pension Board, the CEO/Secretary of the Fund had put forward three options, two of which would call for a major change in the current methodology that had served the Fund well for over thirty years. Although other ideas were aired, **it was ultimately agreed that the FAFICS delegation would not propose any specific approach, but would listen with keen interest to any proposals brought forward by the CEO/Secretary of the Fund.**

Agenda item 5 (c): Monitoring of costs of the recent modifications of the two-track features of the Pension Adjustment System

33. As indicated in the pertinent segment of document Council 35/2006/CRP.3, of the four modifications considered in the report of the Board, the costs associated with three (improved compensation of Professional staff for cost-of-living differences in relation to New York, extension of that improvement to General Service staff and the reduction of the cap to 110 per cent) had been more or less as projected. In the case

of the adjustable floor of 80 per cent, the low utilisation factor pointed either to a lack of retiree confidence in the local currency and hence a reluctance to opt for the local currency track or to the effectiveness of the system. The measure had not proven as costly as anticipated and thus the adjustable floor could well have been set at a higher level from the very outset.

34. Given the lack of justification for seeking an increase at the present juncture, **it was agreed that the FAFICS delegation would hold in abeyance any proposals for a study by the Fund secretariat on the feasibility or desirability of increasing the level of the adjustable floor to 85 per cent. At the upcoming session of the Board, it would simply mention the impact of the measures to date and return to the issue in two years.**

Agenda item 10 (d) (iii): Proposal to establish an Audit Committee

35. It was felt appropriate that **FAFICS should participate in the selection process for the Audit Committee in some way or other – either as a full member with voting rights or as an observer – on the same basis as that which determined the Federation’s association with other bodies established by the Pension Board.** It was also agreed to raise the issue during the Council’s closed session with the CEO/Secretary of the Fund.

Agenda item 9 (a) (ii): Scope of the Emergency Fund

36. **It was agreed that if the participants’ representatives were to insist on enlarging the scope of the Fund, FAFICS would go along with their proposals.**

Agenda item 11(f): Common scale of staff assessment for pensionable remuneration purposes

37. **Council concurred that since no significant changes had been found in the level of tax rates applied in the eight countries where agencies had their headquarters, the common scale should remain unchanged.**

Agenda item 5: Working Group undertaking a review of the size and composition of the Pension Board and Standing Committee

38. The President introduced the item and the report of the FAFICS representatives on the Working Group (document Council 35/2006/D.5). The discussion focused on the incomprehensible nature of the recommendation, proposed by a body charged with studying the composition of the Board and which had initially recommended its enlargement, that the Pension Board in fact be reduced to 21-member body. Even the fallback position, a 33-member board, ignored the benefits that, in the view of several associations, a larger, more representative body could offer. The reduction of the Board and the realignment of the tasks of the Standing Committee had been justified on the grounds that it would increase efficiency, improve methods of work

and ensure better preparation of agendas. The one welcome feature was the removal of the aberration whereby the Pension Board did not approve its own budget (as this was done by the Standing Committee in the year in which the Board had no session). However, the very fact that it was proposed for the Board sessions to be preceded by a two-day conference attended by three representatives from each member organisation seemed to indicate that bigger might indeed be better.

39. **Rather than remain silent on the issue of size, the FAFICS delegation was urged to express the Federation's amazement at the proposed reduction, as it would ultimately bear implications in terms of FAFICS representation. In the latter context, while going along with the principle of electing those representatives whose costs of attendance would be borne by the Fund, until such time as those elections were held, the present system of FAFICS designating those representatives should continue.**
40. **It was essential that FAFICS be associated with and fully participate in all groups and committees, as well as all formal and informal groups that were set up within the framework of the Pension Board. Furthermore, while upholding the principle of full FAFICS participation with full voting rights as the ultimate objective, FAFICS should focus on securing funding for the travel of the Federation's representatives (2 in the Pension Board and 1 in the Standing Committee).**
41. **In its interventions, the FAFICS delegation should adopt a judicious stance and 'play things by ear' so as not to jeopardise attainment of the benefits it wished to secure.**

Agenda item 6: Pension Adjustment System

42. In addition to the proposals for the improvement of the Pension Adjustment System (document Council 35/2006/D.6), Council had before it the note prepared by Jean Hanus, convenor for the working group (document Council 35/2006/ WG-Pensions. Doc. 1) as well as the report of the working group (document Council 35/2006/CRP. 17). In introducing the report (reproduced as Attachment 2), the convenor pointed out that in respect of the first two issues, special adjustment for small pensions and retirees in countries with no agency headquarters, agreement had been reached in the working group. It had led to the submission to the Pension Board of a proposal on the first issue and the formulation a question on the second issue to be posed to the CEO/Secretary of the Fund at the meeting on the final day of the session.
43. The working group had addressed three other issues, paragraph 26 of Annex III of the Regulations of the Fund, General Service pensions and salaries and adjustment of dollar pensions. A solution had been found in respect of paragraph 26 of Annex III, but it had proved impossible to find an appropriate and technically sound solution for the second issue. However, an interesting proposal had been submitted by AFICS – Argentina, albeit too late. It had a direct bearing on the third issue, adjustment of

dollar pensions, and opened up scope for further discussion. In respect of the impact of dollarisation in Ecuador, the working group had come forward with a proposal.

44. Council took up the issue in the same sequence. It took note of the situation with regard to the first two issues. **In respect of paragraph 26 of Annex III, Council expressed support for the approach proposed by BAFUNCS for overcoming the lack of quantification in paragraph 26 by applying a number of standard deviations in the relevant data derived from a trend over a given period of time. It was agreed that this issue would be raised with the CEO/Secretary of the Fund during the lunch on the final day of the Council and that Michael Davies would prepare a paper on the issue.**
45. Although the CEO/Secretary of the Fund had proposed three solutions to the dollarisation problem in Ecuador (no action, a one-time payment equal to 3-6 months of the periodic benefit or a one-time adjustment of 20 per cent), the working group had proposed applying a fourth approach to the problem: applying the two-track system with pensions being adjusted on the basis of local CPI.
46. Several participants pointed to the cost implications of two of the proposals advanced by the CEO/Secretary of the Fund, as well as the applicability of paragraph 26 given the adverse and aberrant conditions. Unlike other countries that had adopted dollarisation, Ecuador had not been able to stabilise inflation immediately; it was still running high long after the introduction of the new currency. Furthermore, it had to be remembered that US dollar pensions could not be adjusted to local inflation in any country other than the CPI in the United States. It was also pointed out that switching to the dual track involved extensive recalculations going back to the time of the former currency (*sucre*). It was suggested that the calculation could be made on a trial basis, while others pointed to the fact that the retirees in Ecuador were trying to salvage a situation that thanks to the strength of the dollar at the time had offered them a substantial comparative advantage in combating spiralling inflation.
47. In any event, it would be useful to know what would be the impact on both the level of benefits and the overall cost to the Fund were the beneficiaries to opt for the local track – not on the basis of the *sucre*/dollar exchange rate at the time of retirement, but at the rate prevailing at the time in 2000 or over the period January-September 2000. **It was thus decided to put a question to that effect to the CEO/Secretary of the Fund.**
48. It was also suggested that the Federation did not really need to take a position on the issue, but should hear out the debate in the Board. **Given that none of the proposals put forward by the CEO/Secretary of the Fund offered an effective solution, the FAFICS delegation would be well advised to see whether other alternatives were being mooted.**

Agenda item 7: Article 35 bis of the Fund's Regulations (divorced surviving spouses)

49. In taking up the agenda item, Council had before it a document on proposals for changes in, and amendments to, Article 35 bis of the Fund's regulations that the Federation had submitted to the upcoming session of the Board (document Council/2006/D.7), as well as the pertinent segments of the conference paper reviewing issues being addressed by the Pension Board (document Council/2006/CRP.3). It also had before it a note prepared by AFICS - New York (document Council/2006/CRP.12 and Corr. 1, both of which have later been consolidated in a single document CRP.12.rev.) that focused on issues in the FAFICS document to the Pension Board.
50. Apologising for the late submission, the President of AFICS – New York introduced the paper prepared by his association which addressed three issues of paramount importance to that association: retroactivity, request procedures and duration of the marriage. Following his presentation, reservations were expressed about the judiciousness of presenting amendments to a paper that to all intents and purposes reproduced what the Federation had submitted to the Board in 2004. At the time, it had been a conference room paper and hence had not been formally considered by the Board.
51. Council had no wish to enter into a substantive discussion at such a late juncture. It was noted by one association, however, that the Federation had indeed retained a flexible stance on the issue related to the duration of the marriage required for obtaining a divorced spouse's benefit: it would not object if others proposed a reduction from ten to five years. Council also had no wish to create the impression of a rift within its ranks, although it recognised that associations were permitted to change their opinion.
52. **It was thus agreed that the note prepared by AFICS – New York would be reproduced in its entirety as an attachment to the report of the current session (see Attachment 5). Moreover, when introducing the paper at the Pension Board, the President would find an appropriate form of words indicating that there were objections by AFICS – New York to some of the issues it addressed, reflecting the highly controversial and complicated nature of the subject that led to disagreement on some specific issues within and between member associations.**
53. Council also noted in the analysis of the issues being taken up by the Board that the CEO/Secretary of the Fund recognised an entitlement to surviving spouse benefits arising out of legally recognised same-gender partnerships.

Agenda item 8: Situation of the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR

54. In addition to the document describing the current plight of the former participants in the former Soviet Union (document Council 35/2006/D.8) and the letter AFICS - Moscow had addressed to the Secretary-General of the United Nations, two

presentations were given by Mikhail Gunar and Edward Avdonin from AFICS - Moscow (document Council 35/2006/CRP.14).

55. Whereas those ex-Soviet Union UN staff members who had worked prior to 1958 and after 1990 had experienced no problems with the payment of their pensions, those who worked from 1958-1980 were deeply affected by the practice of having had to forfeit a large proportion of their salaries, while those who worked in the period 1981-1990 had had their pensions contributions expropriated under the 1980 Transfer Agreement and received very small or no supplementary benefits. Their voices had been persistently ignored by the authorities, while other official, albeit ineffective, bodies had expressed sympathy. Furthermore, their endeavours to secure a favourable judgment from the European Court of Human Rights had proven abortive.
56. Council expressed sympathy for the plight of their former colleagues who, they felt, placed exaggerated hopes in the ability of the Federation to mount a major campaign and secure the cooperation of leading national politicians. One possible avenue might be to involve NGOs in the issue; another might be to draw on the Emergency Fund, although opinion was divided on the advisability of that approach.
57. Council was informed that the President had forgone his mission to Russia in favour of inviting the AFICS - Moscow President to the current Council session where he would have an opportunity to address questions to the CEO/Secretary of the Fund.
58. **It was suggested that the Federation should set up a small working group, the composition of which would be determined by the President, in consultation with the member associations concerned, to review developments regularly with the Pension Fund secretariat. Furthermore, it was pointed out that the Fund might have failed to fulfil its obligations referred to in paragraph 78 of the 1980 UNJSPF report to the Board, recommending the approval of the transfer agreement, to monitor constantly the implementation of the terms and conditions of the agreement governing the transfer of pension entitlements and ensuring succession thereto, in particular the determination of transfer values. The Federation should thus explore the legal implications of that apparent failure and assess the feasibility of lodging an appeal with the United Nations Administrative Tribunal.**

Agenda item 9: Meeting with the CEO/Secretary of the Fund

59. Council met on 7 July 2006 with Mr. B. Cochemé, the CEO/Secretary of the Fund, and two of his senior colleagues: Sergio Avizu (the newly appointed Deputy CEO/Secretary) and Gilbert Ferrari (Chief of the UNJSPF office in Geneva). A list of questions had been prepared by Council, which decided that the two questions submitted by FFOA should be omitted. The list was then submitted in advance to the CEO/Secretary of the Fund (document Council 35/2006/CRP.13. Rev. 1). The questions raised in the course of the discussion and the responses thereto would be contained in a document to be circulated at a later stage to all associations. At the

end of the meeting, the President thanked Mr. Cochemé and his colleagues on behalf of Council for their replies and looked forward to continued close cooperation with the staff of the Fund secretariat.

Agenda item 9 bis: Replies of the CEO/Secretary of the Fund

60. Council took note of the replies given by the CEO/Secretary to questions put to him at the previous Council session in 2005, contained in document Council 35/2006/D.9.bis.

Agenda item 10: Exchange of views and experiences on income tax on UN pensions

61. In taking up the item, Council had before it three documents (Council 35/2006/D.10 and Add 1, as well as Council 35/2006/CRP.4), the contents of which were supplemented by a presentation given by John Northcut (CAFICS - Canada) on ways and means of reducing the tax burden on Canadian and US retirees in Canada.
62. Canada was the most highly taxed country in the G-8. Despite the peculiarity of the fiscal situation prevailing there that called for a very specific approach to completing tax returns in the Canadian/US context, certain basic features could be identified that were applicable to all countries: (i) the need to avoid double taxation of income; and (ii) reciprocal tax treaties override national law. It was thus essential that people pay particular attention to the provisions in national tax laws that might well be affected by reciprocal agreements.
63. Council was also informed that ICAO was considering the renegotiation of its headquarters agreement with the Canadian government, including the provisions governing the taxation of pensions. The data that member associations had provided would be part of the input to that exercise.
64. In the ensuing discussion, appreciation was expressed for the information provided in the documents on tax modalities in various countries and their applicability to UN pensions. The comprehensive information would serve national associations well, although one association cautioned against getting involved in tax issues.
65. Attention was also drawn to the JIU review of the headquarters agreements concluded by the organisations of the United Nations system (document JIU/REP/2004/2), as well as to the AFICS – New York information document on US income taxes for UN retirees. **Council was informed that if national associations were to report to the FAFICS secretariat on fiscal developments of pertinence to UN retirees, such reports would be circulated to member associations.**

Agenda item 11: Reports of FAFICS representatives at meetings

66. Council took note of and expressed appreciation for the reports submitted by the FAFICS representatives (documents Council 35/2006/D.11 and Add.1, as well as CRP.16). The concern that had been expressed over the avian flu pandemic should not be allowed to wane; it was essential to keep up the pressure on the United Nations to provide appropriate support to retirees in developing countries that lacked the infrastructure and other means essential to combating the pandemic.
67. Council noted with satisfaction the participation of FAFICS in the recent meeting of the participants' representatives in Rome, the significance of which was not to be underestimated. Basically attributable to the growing concern over the plans being mooted by Mr. Burnham to privatise and outsource all or part of the Fund's investment portfolio, the meeting had also focused on other items of particular interest to the Federation, such as size and composition of the Board and the outcome of the most recent actuarial valuation.

Agenda item 12: FAFICS activities as an NGO in consultative status with ECOSOC and participation in the Board of CONGO

68. Council took note of and expressed appreciation for the reports submitted by the FAFICS representatives involved in the various activities (documents Council 35/2006/D.12 and Add. 1, 2 and 3). The visit paid by the President of the General Assembly to the last Council session had been most encouraging; it had provided a wealth of information on such important issues as the controversy that had surrounded the establishment of the Human Rights Council. Participation in the ECOSOC Committee on NGOs in May 2006 had offered most useful insight into the current perception of NGOs participating in the activities of the United Nations.
69. Council took note of the Federation's continued involvement with CONGO. The Federation's term on the Board would come to an end in 2007. A request had been made that FAFICS be a member of the Nominations Committee in preparation for the upcoming elections at the CONGO General Assembly at the end of 2007. Certain problems persisted with the conduct of work and meetings within CONGO and it could not be gainsaid that the Conference had improved its communications policy and thus, in the course of time, the coordination of its many committees and activities.
70. Council continued to attach importance to its consultative status with ECOSOC. **It was agreed that the possibility of securing similar status with the European Commission be explored and a report submitted to the next session.** It did not, however, see how making a statement in the Human Rights Council on behalf of the retirees in the former Soviet Union would yield any results. Council reaffirmed its position on the advisability of taking the NGO route (see agenda item 8 above).

Agenda item 13: Relations with FICSA and CCISUA

71. Council considered the President's note on relations with FICSA and CCISUA (document Council 35/2006/D.13). Whereas relations with FICSA continued to be close, attempts to establish closer ties with CCISUA had proven abortive to date. That notwithstanding, the President would persist in his efforts.
72. FAFICS had attended the FICSA Council in New York at the beginning of the year. It was in regular contact with the FICSA President and the General Secretary. Indeed, the FICSA President had approached the Federation on the need to combat the growing lack of expertise in FICSA. Council thus invited the President to contact member associations and explore the possibility of drawing up a roster of experts willing to offer their services to FICSA. Initial contact had already been established in New York and, at the request of FICSA, AFICS - New York had provided the services of a legal expert to advise *pro bono* on staff-management relations.
73. In the light of the decision not to include observers in the Federation's statutes (see Agenda item 19 below), **Council adopted a proposal that at each Council session a meeting be held with representatives of FICSA and CCISUA, akin to the meeting held each year with the CEO/Secretary of the Fund.**

Agenda item 14: Activities in support of the concept of an international community and the advocacy of the ideals and work of the UN system

74. Representatives of AFICS - New York, AAFI/AFICS - Geneva and AFUS described the various initiatives that they had undertaken in the past year in support of the Millennium Development Goals and the 60th anniversary of the United Nations and some of the specialised agencies. Member associations were encouraged by AFICS – New York to consult the UNIS website which contained a list of the sixty most successful activities undertaken by the United Nations, in order to keep their membership aware of examples of the achievements of the UN and the UN system in many domains.
75. Council invited all member associations to continue contributing to the objectives of the United Nations through their newsletters, bulletins and other means and to organise special events, where appropriate.

Agenda item 15: After-service health insurance and long-term care

76. The open-ended working group had met the day before the current session began and studied two basic documents (Documents Council 35/2006/WG-ASHIL. doc 1 and 2). In taking up the item Council had before it the report of the working group (document Council 35/2006/CRP.11 and Corr. 1 (consolidated as CRP.11.rev. - Attachment 3)). In introducing that report, the convenor, Michael Davies (BAFUNCS), drew attention to the analysis of the effect of different cost-containment measures

which had shown that the most equitable measure was the use of co-payments. He also pointed to the self-insurance of health insurance schemes as another effective cost-containment measure. The convenor further emphasized the dramatic effect of shifting costs from the health insurance schemes of an organization to a national plan and stressed that the use of national schemes by retirees had to be voluntary. Organizations should provide worthwhile incentives for retirees to participate in such national schemes.

77. On the issue of long-term care the convenor noted the policy positions of FAFICS and FICSA. The working group intended to prepare an advocacy paper directed towards serving staff members, member governments and retirees as well as revise and update the ASHIL database. He also noted that the joint working group of the Human Resources and Finance and Budget Networks on long-term care was expected to have its first meeting in September 2006. It was essential that FAFICS participate in its work.

78. Anton Kruidenink (AFICS - Netherlands) provided additional information on the mandatory health insurance scheme introduced by the Netherlands Government, which applied to any person receiving a national pension whether they resided in the Netherlands or elsewhere. Former UN staff members might be exempted, provided they confirmed in writing that their UN after-service health insurance covered long-term care, further to which they would also have to accept the fact that they would never be able to return to the Dutch national scheme! He expressed the hope that some form of supplementary Van Breda coverage could be made available to bridge the gap. Richard Nottidge (AFICS - New York) suggested that, in the UN Van Breda scheme, it was more likely that the Organization would agree to reduce the ASHI premium contribution for persons covered by the Netherlands Government scheme rather than to develop a new scheme. He drew attention to the UN web site <http://www.un.org/insurance> on which details of each insurance scheme administered by UN Headquarters was available. AAFI-AFICS noted that the UNESCO Medical Benefits Fund had consistently refused to offer any rebate to retirees who used the French national scheme.

79. The convenor pointed to the changes that would result from the new accounting rules that required Organizations to record their accrued liabilities for the health insurance of staff and retirees. Organizations would soon realize that it was in their interest to reduce those liabilities and take advantage of national schemes in ways in which they had previously shown little interest.

80. Council endorsed the following decisions of the Working Group:

- **On long-term care**

- (a) FAFICS secretariat should ensure that FAFICS participate in the HR/FB Networks working group on long-term care;**

- (b) The Working Group should:**

- i) develop data from national schemes on long-term care costs, home and institutional care and the age at which care was required;
- ii) build on the FICSA position with staff representatives at the organization level; and
- iii) prepare an advocacy paper using General Assembly and OECD support, based on the collection of new data and the use of national data with the aim of (a) convincing active staff of the need for long-term care; (b) pressing the case that long-term care could be cost effective; and (c) reinforcing the stated positions of Governments concerning Ageing.

- On other matters

(a) an agenda item on new developments should be included in the agenda in future meetings of the Working Group;

(b) the ASHIL database should be reviewed and updated.

81. It also endorsed the following new FAFICS policy positions/recommendations:

- On long-term care:

Long-term care provisions should be integrated in health insurance schemes.

From a financial and human standpoint, it was desirable that, wherever feasible, care in the home should be the preferred option for long-term care, and be reimbursed both for professional nursing care and for care provided by qualified providers of care.

- On cost-containment:

Organizations should examine whether participation by their retirees in any national health insurance scheme, be it at their headquarters location or in another country where they had a substantial concentration of retirees, would result in a cost advantage. If so, they should make arrangements to take advantage of the benefits that would accrue to their retirees participating in such national schemes by offering them suitable and worthwhile incentives for them to participate in those schemes.

82. Council was informed that, as a result of favourable actuarial valuation, there was a possibility at some time, now or on the future, that the issue might be raised of reducing the rate of contributions to the Pension Fund. **Council was of the opinion that any savings accruing to the member states out of such reduction should be used to improve the funding of after-service health care. FAFICS, together with the participants' representatives, should pursue that approach.**

83. For the year 2006-2007, Richard Nottidge (AFICS - New York) was asked to be the convenor of the working group and Peter Lillie (ARICSA) was asked to act as rapporteur. The President thanked Michael Davies for his leadership of the working group since its institution and thanked all members of the Group for their contributions.

Agenda item 16: Social questions other than health insurance (an exchange of views)

84. This item could not be considered for lack of time.

Agenda item 17: Bulletins and newsletters

85. This item could not be considered for lack of time.

Agenda item 18: Proposed amendment to Article 6 of the Statutes

86. Council took up the issue of voting rights in the light of the request by AFICS - Uruguay that Article 6 of the Statutes be amended. The association had said that it would be unable to support any proposal to revise the statutes as a whole, unless Council abolished the system of weighted voting.

87. Given the discussion that had taken place in the working group on the revision of statutes on the day preceding the session, the association proposing the amendment to Article 6 accepted that there was no need to take up the issue in isolation. It accepted the proposed revision of the article that had emerged from the deliberations of the working group, it being understood that the term 'simple majority' referred to the 'majority of members present or represented and voting'.

88. The President thanked the association for the flexibility it had shown and Council moved on to discuss the revision of the statutes in their entirety.

Agenda item 19: Objectives and functioning of FAFICS and revision of its statutes

89. In taking up the agenda item, Council had before it a series of documents (Council 35/2006/WG-Statutes. Doc 1, Council 35/2006/D.19 and Add. 1), as well as three conference documents (Council 35/2006/CRP. 5, 8 and 10)

90. The initial focus of the discussion under the agenda item lay on the report of the working group reflecting its deliberations of 3 July 2006 (Council 35/2006/CRP.10 (Attachment 4)). It was decided to go through the document paragraph by paragraph.

91. No comments were made on the first two sections: backdrop and general comments. The composite preamble was accepted, as was the suggestion that legal advice be sought on the Article 1 given that it made reference to the Swiss Code of Civil Law.

92. Article 2 (purposes and functions) was the subject of a more protracted debate. It was suggested that in subparagraph (a), the term 'community' be replaced by 'associations'. In subparagraph (b) the term 'purpose' should be in the plural, while in subparagraphs (c) and (d) 'all' should be introduced in two instances to underscore the fact that the Federation spoke and acted on behalf of all retirees. In paragraph (d), it was proposed that the last line should read 'beneficiaries in the United Nations Joint Staff Pension Fund'. The ordering of the subparagraphs would be a task left to the person drafting the final text.
93. In the discussion of Article 3 (membership) it was agreed that a new category of membership should be introduced: associate membership (preferably free of charge) for small organisations that wished to participate in the activities of the Federation, yet lacked the numerical strength to qualify for full membership.
94. It was also agreed that instead of introducing observers as yet another category, it would be more appropriate to hold regular meetings with FICSA and CCISUA along the same lines as the exchange of views with the CEO/Secretary of the Fund at each session of the Council.
95. The six criteria for membership, adopted in 2002, should be included in the proposed rules of procedure, it being understood that the requirement relating to viable size, preferably no less than 40 members (instead of 50 as at present), was to be applied in a flexible manner. Council also agreed with the proposal that associations with dwindling membership should continue to be recognised at least until the number of members reached half of that incorporated in the criteria.
96. The membership criteria also led to a long debate on the note submitted by the Former ILO Officials Section (Council 35/2006/CRP.5 – see Attachment 6). That section sought the application of particular rules to the Geneva-based former officials associations that, given their size and specificity of problems, would permit them to become independent members of FAFICS in their own right. It was also suggested that the number of officers on the FAFICS Board be increased to allow other associations a seat and the number of seats granted to AAFI/AFICS be reduced.
97. The Chairman of AAFI - AFICS Geneva responded to the note and focused on its conclusions (see Attachment 7). Jean-Francois Santarelli ((ILO Section) responded, pointing out *inter alia* that the ILO section, whose members were resident in a number of countries, was convinced it could bring about a real contribution to FAFICS. Furthermore, the increasing number of member associations in the Federation strengthened its case for permitting more than one member association in one location. The situation in Geneva was unique in terms of the number of organisations and retirees located there.
98. Council took note of both statements. The differences, it was felt, were attributable to the difference between location-based and organisation-based associations. AAFI/AFICS - Geneva fell into the first category and in no way could it be deemed exclusive in its policy as had been claimed in the proposal. The matter was seen as

an internal matter that should first be discussed within the local association. If necessary, a report could be submitted to Council and an amicable solution sought.

99. No comments were made on either Article 4 or 5 (organs of the Federation and the Council).

100. It was agreed that in the event of a vote being called, the following elements would be incorporated into Article 6:

Decision-making would be governed by:

- Basic principle of consensus

In those instances where consensus could not be reached, a vote would be taken:

- Basic principle of one association, one vote
- Simple majority (majority of members present or represented and voting).

In those instances where decisions bore financial implications for the Federation:

- Double majority (majority of members present or represented and voting, representing among them a majority of the number of individual members of those associations).

101. It was also agreed to retain the provision relating to decisions being taken by correspondence.

102. Amendments to the statutes would be covered by Article 8.

103. No comments were made on Article 7, while in respect of Article 8 (amendments) it was agreed that amendments to the statutes required a double majority in Council, as defined in paragraph 100 above, whereafter they would be circulated for approval to all member associations by vote by correspondence and would require a double majority of associations voting by correspondence.

104. As for the *modus operandi*, **it was agreed that the best solution would be to have a single experienced person draft a text in consultation with the working group via e-mail. On the basis of the comments received that person would finalise the text and circulate it well in advance (the statutory three months) of the Council session to all member associations for approval during the Council session.**

105. If that approach proved infeasible, the working group would meet one full day prior to the next Council and finalise a draft for consideration at Council.

106. It was recognised that the Federation needed clear and concise rules of procedure that went appreciably further than setting of criteria for membership. **It was decided that on the basis of the approved statutes, rules of procedure would be prepared in a second stage and submitted to Council.**

107. **The Council appointed Roger Eggleston to undertake the task of drafting a final version of the statutes.**

Agenda item 20: Administrative and financial questions

(a) Accounts for 2005

108. The Treasurer presented the income and expenditure accounts for the year ended 31 December 2006 (document Council 35/2006/D.20a) and answered questions raised by participants. He drew attention to the slight drop in reserves and stated that the net assets of the Federation stood at \$ 27,397.29 on 31 December 2005. **Council took note of the report.**

(b) Auditors' report for 2005

109. The Auditors had approved the balance sheet and the income and expenditure account. Council took note of the Auditors' report for the year ended 31 December 2005 (document Council 35/2006/D.20b) and expressed its appreciation for the stalwart services provided by Anthony Ingram and Robert Yazgi.

(c) Proposed budget for 2007

110. The Secretary presented the budget for 2007 (document Council 35/2006/D.20.c). He provided details of the income estimates for 2007 and the expenditure estimates for the same period.

111. Travel costs had been budgeted at a somewhat higher level than the previous year; taking account of the experience. It was also essential to replace one of the computers in the FAFICS office and an appropriate budgetary provision had been proposed.

112. In the ensuing discussion, it was pointed out that the budgetary provision for secretarial assistance before and during sessions of the Council was not sufficient and that, with New York being the most frequent venue, AFICS -New York could not be expected to continue absorbing a major part of those costs. It was suggested that thought be given to selecting alternate cheaper venues and reducing documentation costs by having delegations print their own documents before they came to Council.

113. **It was finally agreed to increase the provision for secretarial assistance by \$2,000 to \$4,000 on the understanding that every attempt would be made to reduce the amount of documentation and need for secretarial support. It was further agreed to offset that increase by reducing the proposed budget line for**

travel by an equivalent amount: \$2,000. These changes, as well as the decision to increase the annual membership fee to \$1.25, are reflected in the Approved budget reproduced in Appendix 4.

114. That notwithstanding, and based upon the provisional membership figure of 15,868 as available to the Secretariat on 19 March 2006, the proposed budget would incur a deficit of \$1,665, even if the contribution rate were to be increased to \$1.25. However, the Treasurer advised that, based upon membership data which had been received recently and which could not be taken into account when preparing the draft budget, the deficit forecast in the proposed budget would now be \$1,493.
115. **Council adopted the proposal to increase the annual membership fee to \$1.25 per member of an association.** BAFUNCS was unable to join the consensus, but might well join the consensus after consultations had taken place in its Executive Committee that had not received the draft budget in time³.
116. **It was thus decided that in future draft budgets would be circulated at least three months prior to sessions of the Council.**
117. **In keeping with the spirit of the decision taken at earlier sessions, Council reconfirmed that for AFICS – Moscow, the new contribution rate of \$1.25 would only apply to those members of that association who were in receipt of a pension benefit from the UNJSPF.**

(d) Interim report on the implementation of the budget for 2006

118. **The Secretary presented the interim report *on the implementation of the budget for 2006 (document Council35/2006/D.20d)*.** On the income side, he pointed to the contribution issue facing AFICS - Moscow, the contributions outstanding (some of which had since been settled) and the steps the Federation and taken to secure better interest rates. On the expenditure side, he pointed to travel costs to date, office supplies and bank charges. **He urged member associations to pay their dues through UNFCU.** Secretarial assistance related to the current session would show a slight increase.
119. **Council took note of the report.**
- Agenda item 21: Appointment of auditors**
120. **It was announced that Anthony Ingram and Robert Yazgi had agreed to continue as auditors to the Federation for the period 2006-2007.** Their willingness to serve yet another term was greatly appreciated.
- Agenda item 22: Election of officers**

³ Subsequently to the Council session BAFUNCS informed the President that it was joining the consensus on this issue.

121. Council elected Witold Zyss to be President for the year 2006-2007.
122. Council expressed its thanks to Eduardo Albertal who had announced his intention not to stand for election as Vice-President at the current session. It noted his long service and substantial contribution to the Federation over many years. The Council elected as Vice-Presidents the following persons:

Andrés Castellanos del Corral
Jean-Jacques Chevron
S. Janakiram
Aurelio Marcucci
Tedla Teshome and
Mario Lafuente Roca

123. Council reiterated its thanks to the Secretary , to the Treasurer and to all the others who had contributed to the success of the meeting. For the following year, it elected:

Anders Tholle as Secretary
Juan Mateu as Treasurer
Lydia Ontal as Assistant Secretary

124. One participant queried the absence of proper election procedures.

Agenda item 23: Appointment of FAFICS representatives to the Pension Board, the Standing Committee and other meetings

125. Council appointed the following representatives to follow the proceedings of the Standing Committee in 2007:

Witold Zyss
Aurelio Marcucci
Andrés Castellanos del Corral (alternate representative)
Jean-Jacques Chevron (alternate representative)

126. In the event of the Pension Board deciding to hold a full session in 2007, the same four persons would attend as full representatives to the Board. Two alternates would be appointed after due consultation with all member associations once the Board's decision was known.

127. It was agreed that AFICS - New York would ensure coverage of the next session of the ICSC in New York, ARICSA would represent FAFICS at the FICSA Council in Vienna in February 2007, and coverage of CONGO Board meetings would be arranged by the member associations at the venue of such meetings.

128. Council authorised the President to appoint FAFICS representatives and observers to other meetings, as and when necessary.

Agenda item 24: Other business

129. No other business was raised at the current meeting.

Agenda item 25: Date and place of the 36th session of the FAFICS Council in 2007

130. Based on the proposals currently before the Pension Board, **it was decided that the Council would meet in New York in 2007**. However, since the Board might change its modus operandi, it was agreed that the officers of the Federation would perhaps have to change the present decision in the light of the Board's own decisions⁴.

Closure of the session

131. Prior to the formal closure of the session, one participant pointed out that curtailment of the substantive discussion under agenda item 7 (see paragraph 51) had led to the issue of family benefits not being discussed.
132. In his closing statement, the President regretted that oversight. That oversight notwithstanding, at the Board session in Nairobi the Federation would use the arguments presented in the analysis paper. He went on to thank wholeheartedly all those who had contributed to the smooth running of the session. He paid especial tribute to Anders Tholle, Juan Mateu and AAFI/AFICS - Geneva, the host association, as well as to the Rapporteur. He summarised the main achievements of the session which would undoubtedly provide a sound basis for the meeting in Nairobi; he thanked everybody for having participated so wholeheartedly in the debate of issues.
133. Aamir Ali, President emeritus, thanked Witold Zyss, Anders Tholle, Juan Mateu and Peter Lillie for their contributions to the meeting. After several years' absence from the deliberations of the Council, he had been struck by the wealth of expertise and breadth of discussion that had been demonstrated throughout the debate.
134. Valedictory statements were also made by Mary Johnson (AAFICS – Australia), Arthur de Smit (CAFICS – Canada), Jacqueline Rigoulet (AAFI/AFICS - GATT/WTO), Mikhail Gunar (AFICS – Moscow) and Andrés Castellanos del Corral (AFICS – New York), all of whom thanked the host association and the participants for everything they had done to ensure the success of the session.

⁴ Subsequently to the Council session it was decided that the Pension Board would meet in New York from 9 to 13 July 2007.

135. The President declared the session closed at 6.25 p.m.

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Appendix 1

List of participants

Member Associations

| | |
|------------------------|--------------------------------------|
| AFICS-Argentina | Leda Rosso |
| AAFICS-Australia | Mary Johnson |
| ARICSA-Austria | Peter Lillie |
| | Gerhard Schramek |
| AFICS-Bolivia | represented by AFICS-Argentina |
| AAFIB-Brazil | represented by AFICS-Chile |
| CAFICS-Canada | Arthur de Smit |
| | John Northcut |
| AFICS-Chile | Mario Lafuente Roca |
| ASOPENUC-Colombia | Tomaso Casciello |
| AEFSNU/AFICS-Ecuador | represented by AFICS-Argentina |
| AFICS-Ethiopia | Tedla Teshome |
| AFUS-France | Yolaine Nouguiet |
| | Georges Kutukdjian |
| | Witold Zyss |
| AFUNPI-Bangalore-India | Aamir Ali |
| FFOA-Rome-Italy | Anton Doeve |
| | Aurelio Marcucci |
| FOA-Turin | represented by FFOA |
| AFICS-Netherlands | Anton Kruidierink |
| AFUNO-New Zealand | represented by AAFI-AFICS |
| AUNPP-Pakistan | represented by Witold Zyss |
| AFICS-Russia | Mikhail Gunar |
| | Edward Avdonin |
| AAFI-AFICS-Geneva | Jean-Jacques Chevron |
| | Jean Hanus |
| | Roger Eggleston |
| | Dev Ray |
| | From : WHO/AFSM Roger Fontana |
| | ILO Section Jean-François Santarelli |
| | ITU Section Jean Balfroid |
| | GATT-WTO Association Claude Mercier |
| | ITC Association Jacqueline Rigoulet |
| BAFUNCS-United Kingdom | David Axforth |
| | Michael Davies |
| AFICS-NY-USA | Andres Castellanos del Corral |
| | O. Richard Nottidge |
| APEFUNO-Paraguay | represented by AFICS-Chile |

AFICS-Uruguay

Jacques Meylan

Officers

President:

Witold Zyss

Vice-Presidents:

Andres Castellanos de Corral

Jean-Jacques Chevron

Aurelio Marcucci

Tedla Teshome

Secretary :

Anders Tholle

Treasurer :

Juan Mateu

President emeritus :

Aamir Ali

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Appendix 2

Agenda

1. Adoption of the agenda
2. Report of the President
3. Applications for membership
4. Issues on the agenda of the 53rd session of the Pension Board
5. Working Group undertaking a review of the size and composition of the Pension Board and Standing Committee
6. Pension Adjustment System
7. Article 35 bis of the Fund's Regulations (divorced surviving spouses)
8. Situation of the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR
9. Meeting with the Secretary/CEO of the Fund
- 9bis Replies of the Secretary/CEO to the questions asked at the 34th session
10. Exchange of views and experiences on income tax on UN pensions
11. Reports of FAFICS representatives at meetings
12. FAFICS activities as an NGO in consultative status with ECOSOC and participation in the Board of CONGO
13. Relations with FICSA and CCISUA
14. Activities in support of the Concept of an International Community and the Advocacy of the Ideals and Work of the UN System
15. After-service Health Insurance and Long Term Care
16. Social questions other than Health Insurance (an exchange of views)
17. Bulletins and Newsletters

18. Proposed amendment to Article 6 of the Statutes
19. Objectives and functioning of FAFICS and revision of its Statutes
20. Administrative and financial questions
 - a. Accounts for 2005
 - b. Auditor's report for 2005
 - c. Budget for 2007
 - d. Interim report on the implementation of the budget for 2006.
21. Appointment of Auditors
22. Election of FAFICS Officers
23. Appointment of FAFICS representatives to the Pension Board, the Standing Committee and other meetings
24. Other Business
25. Date and place of the 36th session of the FAFICS Council in 2007

Adopted on 4 July 2006

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Appendix 3

List of documents

Pre-session Council documents (Symbols Council 35/2006/D. ...), by D-numbers

| <u>D-no.</u> | <u>Item no.</u> | <u>Subject</u> |
|--------------|-----------------|--|
| D.1 | 1 | Provisional agenda (accompanied by the President's unnumbered covering Note for the Agenda) |
| D.1.Add.1 | 1 | Annotated provisional agenda |
| | 2 | No pre-session document was issued for this agenda item (the report was issued as CRP.2, a copy can be found in attachment 1) |
| D.3 | 3 | Applications for Membership from ARNUC-Congo (Kinshasa) AEFNUP-Peru and AFICS-Netherlands |
| D.3.Add.1 | 3 | Application for Membership from AEFSNU-Ecuador |
| | 4 | No pre-session document was issued for this agenda item (subjects under the agenda item were treated in CRP.3. CRP.6 and CRP.7) |
| D.5 | 5 | Report by FAFICS Representatives to the UNJSPB Working Group on the size and composition of the Pension Board and the Standing Committee |
| D.6 | 6 | FAFICS Note to the UNJSPB on the Pension Adjustment System |
| D.7 | 7 | FAFICS Note to the UNJSPB on Article 35bis of the Pension Fund's Regulations |
| D.8 | 8 | FAFICS Note to the UNJSPB on the Situation of former participants from the former USSR, Ukrainian SSR and Byelorussian SSR |

| | | |
|------------|------|---|
| | 9 | No pre-session document was issued for this agenda item (issued as CRP.13.Rev.1) |
| D.9.bis | 9bis | Replies by Secretary/CEO of the UNJSPF to questions asked at the 34 th session |
| D.10 | 10 | Exchange of Views and Experiences on Income Tax on UN Pension – Contribution by CAFICS-ACAFI-Canada |
| D.10.Add.1 | 10 | Contributions from other Associations |
| D.11 | 11 | Reports from FAFICS Representatives at the meetings of the CEB and ICSC in Vienna |
| D.11.Add.1 | 11 | Reports from FAFICS Representatives at the meeting of the ICSC in New York |
| D.12 | 12 | Report from the FAFICS Representative at a meeting with UNGA President Eliasson in Geneva |
| D.12.Add.1 | 12 | Reports from the FAFICS Representative at a meeting of CONGO in Geneva |
| D.12.Add.2 | 12 | Reports from FAFICS representatives at a meeting of CONGO in New York |
| D.12.Add.3 | 12 | Report from FAFICS Representatives at a meeting of the ECOSOC Committee on NGO's |
| D.13 | 13 | Relations with FICSA and CCISUA (Note by the President) |
| | 14 | No Council document was issued for this agenda item |
| | 15 | No Council document was issued for this agenda item |
| | 16 | No Council document was issued for this agenda item |
| | 17 | No Council document was issued for this agenda item |
| D.18 | 18 | Proposed amendment to article 6 of the FAFICS Statutes (submitted by AFICS-Uruguay) |
| D.19 | 19 | Objectives and functioning of FAFICS and revision of its Statutes |

| | | |
|------------|------|--|
| D.19.Add.1 | 19 | Convenor's Note on Voting Rights |
| D.20.a | 20.a | Income and Expenditure Account for the year ended on 30 December 2005 |
| D.20.b | 20.b | Report of the Auditors |
| D.20.c | 20.c | Proposed Budget for the Year 2007 |
| D.20.d | 20.d | Interim Report (by the Secretary and Treasurer) on the Implementation of the Budget for 2006 |
| D.23 | 23 | Note by the President on the Appointment of FAFICS Representatives to the Pension Board, the Standing Committee and other meetings |

In-session documents (Conference Room Papers), by CRP-numbers

| | | |
|-------------|----|--|
| CRP.1 | - | Provisional schedule of work |
| CRP.2 | 2 | Report of the President |
| CRP.3 | 4 | Review of items on the agenda of the 53 rd session of the UNJSPB (Note by the Convenor of the Working Group on the Pension Adjustment System) |
| CRP.4 | 10 | Income tax contributions from AAFI-AFICS, AFICS-NY and AFUNPR-Indonesia |
| CRP.5 | 19 | Proposal for amendments of the FAFICS Statutes by the Former Officials Section of the ILO Staff Union |
| CRP.6 | 4 | Management of the UNJSPF Investments (Note by Vice-President Marcucci) |
| CRP.7 | 7 | Actuarial Matters (Note by Vice-President Marcucci) |
| CRP.8 | 19 | Views of ASOPENUC-AFICS-Colombia on the Objectives and functioning of FAFICS and the Revision of its Statutes |
| CRP.9.rev.3 | - | Final List of Participants in the 35 th session of the FAFICS Council |

| | | |
|-------------|----|---|
| CRP.10.rev. | 19 | Report of the Working Group on the Objectives and functioning of FAFICS and the Revision of its Statutes |
| CRP.11.rev | 15 | Report of the Working Group on After-Service Health Insurance and Long-term Care |
| CRP.12 | 7 | Note on Council document FAFICS 35/2006/D.7 containing the text of a FAFICS submission to the UNJSPB on article 35bis (divorced surviving spouses), submitted by AFICS-NY |
| CRP.13.rev | 9 | List of Questions for the meeting with the CEO/Secretary, UNJSPF, as received from member associations |
| CRP.14 | 8 | Copy of a power-point presentation of supplementary information from AFICS-Moscow (by Vice-President E.K.Avdonin, AFICS-Moscow) |
| CRP.15 | - | No document was issued under this number |
| CRP.16 | 4 | Meeting of Participants' Representatives (Report by Vice-President Marcucci) |
| CRP.17 | 6 | Report of the Working Group on the Pension Adjustment system |

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Appendix 4

Approved Budget for the year 2007

(All budget figures are in US dollars)

This revision of Council document D.20.c reflects the decisions taken by the Council during its review of the proposed budget for the year 2007.

REVISED INCOME ESTIMATES

The Council accepted the proposal that AFICS-Russia's contribution to FAFICS should continue to be based on the number of those of the Association's members who receive a UN pension, as decided by the 34th session of the Council in 2005. The forecast for 2007 is based on 11 such members, out of a total of 356 members.

By letter dated 31 January 2006, all member associations had been invited to inform the Secretariat of the number of their members as at 1 January 2006, to be used as the basis for the calculation of income from contributions. The table on page 3 shows the details of such information, as it was available to the Secretariat at the time of drawing up of the budget on 19 March 2006.

The Council decided that the annual contribution by Member Associations to FAFICS should be increased from \$1.15 to \$1.25 per member of each Association.

Accordingly, the approved income estimates for 2007 are now as follows:

| | |
|---|--------|
| Member Associations' contributions (based upon 15,868 members at \$1.25): | 19,835 |
| Bank interest (no change): | 600 |
| Total: | 20,435 |

REVISED EXPENDITURE ESTIMATES

The Council decided that the budget for Secretarial Assistance should be increased from the proposed amount of \$2,000 to \$4,000, and that a corresponding saving of \$2,000 would be applied to the proposed provision for Travel Expenses, reducing this to \$13,500.

Following this decision, the approved expenditure budget is now as follows:

| | |
|--|--------|
| Travel expenses | 13,500 |
| Hospitality | 700 |
| Secretarial Assistance | 4,000 |
| Contributions (to CONGO, FICSA, Human Rights NGO Committee) | 1,100 |
| Equipment | 2,000 |
| Office supplies | 300 |
| Bank charges | 300 |
| Communications | 200 |
| <hr/> | |
| Total approved expenditures | 22,100 |
| Approved income estimate | 20,435 |
| Estimated deficit for the year 2007 | -1,665 |

MEMBERSHIP FIGURES – 1 JANUARY 2006

(based upon information on hand as at 19 March 2006)

| | |
|---|-------|
| AFICS-Argentina | 118 |
| AAFICS-Australia | 153 |
| ARICSA-Austria | 980 |
| AFICS-Bolivia | 68 |
| AFICS-Brazil | 100 |
| AAFNU-Burkina Faso | 66 |
| ACAFI-CAFICS-Canada | 342 |
| AFICS-Chile | 500 |
| ASOPENUC-Colombia | 88 |
| ACAFNU-Congo-Brazzaville | 239 |
| AFICS-Egypt | 90 |
| AFICS-Ethiopia | 260 |
| AAFU/AFUS-France | 1,508 |
| APUNG-Greece | 62 |
| AFUNPI-Bangalore-India | 226 |
| UNPA-New Delhi-India (provisional figure) | 373 |
| AFUNPR-Indonesia | 97 |
| FFOA-Rome-Italy | 2,193 |
| FAO-Turin-Italy | 85 |
| AFICS-Lebanon | 90 |
| AMAFINU-Mali (provisional figure) | 60 |
| AFPNU-Mexico | 60 |

| | |
|---|---------------|
| AFUNO-New Zealand | 50 |
| AUNPP-Pakistan | 50 |
| APEFONU-Paraguay | 60 |
| AFICS-Russia | 11 |
| AFICS-Sri Lanka | 60 |
| AAFI-AFICS-Switzerland | 3,443 |
| UNAPATA-Tanzania (provisional figure) | 52 |
| AFICS-Thailand | 189 |
| BAFUNCS-United Kingdom | 839 |
| AFICS (NY)-United States (provisional figure) | 3,250 |
| AFICS-Uruguay | 106 |
| <hr/> | |
| Total | 15,868 |

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 1

Report of the President

This is the second time that I am addressing the FAFICS Council as President. I shall do my best to present a more concise report than last year, stressing only the most important developments, while possibly intervening in greater detail when some of the items on the agenda are taken up.

In the first place, let me welcome the representatives of 19 member associations attending this session of the Council, directly or by proxy. I should also like to thank the United Nations Office at Geneva for providing us the meeting room and the facilities necessary for the conduct of our proceedings. I am deeply grateful to the Association of Former International Civil Servants (AAFI/AFICS) in Geneva, to its President Jean-Jacques Chevron – who is also one of the Vice-Presidents of FAFICS – and to his colleagues for their assistance with the preparatory work and for their hospitality which we shall enjoy tomorrow.

Our Federation continues to develop, as evidenced by the fact that four additional associations of former United Nations system staff members – Democratic Republic of the Congo, Ecuador, Netherlands and Peru – applied for membership and will be welcomed in our midst later today. The number of member associations will thus grow from 33 to 37. The total individual membership of these associations has reached this year 16,000 (not counting the four new members) and we can certainly claim that our Federation is truly representative of the entire body of retirees and beneficiaries of the United Nations Joint Staff Pension Fund in the world.

Let us now come to some of the issues which are on our agenda and with which FAFICS is concerned on a regular basis. Our agenda is particularly heavy this year and it will require a lot of discipline to complete its consideration in the time available. You do not expect me to comment on all the items of the agenda; I should like to concentrate on this occasion on the issues relating to the Pension Fund.

The agenda of the forthcoming session of the United Nations Joint Staff Pension Board which will take place in Nairobi during the two weeks following our Council session is also extremely heavy. Here again it is my intention to draw your attention to a few of the most important items.

It is not certain that all of you had the possibility of reading the hundreds of pages of the documentation prepared for the Pension Board. I have therefore requested two of our experienced colleagues to make a brief introduction – if it is possible to be brief on pension matters – on some of the important issues. Aurelio Marcucci will present the issues concerning the actuarial valuation and the investments, while Jean Hanus will introduce several subjects related to pension adjustments and to the benefits system. I shall do the same on the question of the size and composition of the Pension Board.

For the fifth consecutive time the actuarial valuation disclosed a surplus, estimated on this occasion at 1.29 per cent of the pensionable remuneration. We must therefore continue our efforts towards full elimination of the reduction of 1.5 percentage points in the first cost-of-living adjustment after

separation. It will be remembered that part of this reduction (0.5 percentage point) had already been eliminated as from 1 April 2005, not without considerable efforts and some opposition at the 2004 session of the Board. It was agreed at that time to adopt a “phased approach” towards this issue, with further steps to be taken at the 2006 session, subject to satisfactory results of the next actuarial valuation, which is the case.

The problems of the management of investments are much more complex and may very well “steal the show” at the forthcoming session of the Pension Board. I have already reported to FAFICS member associations about the initiative taken by Mr. Christopher Burnham, Under-Secretary-General for Management and Secretary-General’s Representative for investments. In a number of strongly worded statements Mr. Burnham claimed that the performance of the Fund’s investments is highly unsatisfactory and that it could be considerably improved by outsourcing their management to private financial institutions. About a month ago Mr. Burnham contacted Staff Pension Committees of the organizations participating in the Pension Fund to present his ideas and announce that changes in the way in which the assets of the Fund are invested were impending. However, no specific proposals are available so far as to what would be outsourced, to whom and in what manner and what are the benefits expected of such policy.

I immediately wrote to Mr. Burnham to point out that the Pension Fund is all that we have for our old days and that we expect those responsible for the management of its assets to act with caution and prudence. His contention that the Fund’s investments were grossly underperforming was at variance with the information regularly provided to the Pension Board in the reports of the Secretary-General’s Representative for investments. Any major change in the investments policy and strategy of the Fund would have to be properly studied and documented, examined by the Investments Committee and discussed at the Board. Mr. Burnham acknowledged my communication and wrote that he would come back to me the same week. This was on 14 June; so far I have had no further communication from him. I also wrote to the Secretary-General and the Deputy Secretary-General on this issue. So far I have had no reply, not even an acknowledgement. The representatives of the participants, all of who are future retirees, are as concerned as we are by these developments.

Another subject I should like to mention is the review of the size and composition of the Pension Board and Standing Committee. I shall be quite brief at this stage as this is a separate item on the agenda which I shall introduce in due time. As you know, this review, undertaken by a Working Group in which three members appointed by FAFICS participated (Jean-Jacques Chevron, Aurelio Marcucci and your President), has been in progress since 2003. The first report of the Working Group, recommending an increase in the size of the Board from 33 to 42, with two additional voting members representing the retirees, was not approved by the Board at its 2004 session. The Working Group now recommends reducing the size of the Board to 21 or, as an option, to maintain the present membership of 33, with a slightly changed distribution of the seats among member organizations. It is somewhat of a paradox that this exercise, which started with the idea of increasing the size of the Board, now ends with a proposal of reducing this size so drastically. Another important recommendation is to hold an annual meeting of the Board.

With regard to the representation of the retirees on the Board, the idea of adding two voting members of the Board to represent them does not seem feasible at the present time. The Working Group, stressing the important contribution which the retirees bring to the operations of the Board, proposes to recognize this importance through the financing by the Board of the participation of two retiree

representatives (one in the Standing Committee). While maintaining as a position of principle that retirees should be given voting seats on the Board we found it appropriate to accept this proposal.

The prevailing view in the Working Group was that the representatives of the retirees should be elected by the entire body of retirees. We made it clear that, while FAFICS is the only recognized body representing the retirees, we were not against the principle of election. If such election takes place, FAFICS will present its candidates and hopes that they will be elected. Such an election can only be organized by the Fund secretariat. It will undoubtedly be a complex and costly operation and some time will elapse before it can take place. The Working Group accordingly recommends that, for the next session of the Board, the two representatives of the retirees whose costs will be borne by the Fund should be appointed by FAFICS. The Board will then decide on how to proceed in the future.

The proposals of the Working Group will have to be endorsed by the Board and then by the General Assembly before being put into practice. I should like therefore to caution against premature drawing of conclusions. In particular, it would not be wise, until a final decision is taken, to attempt reorganizing our budget in the light of the possibility that the costs of two representatives of the retirees will be borne by the Board.

Since I am speaking about the Pension Fund I should like to stress, as I did in my report to the Council last year, that our relations with the CEO/Secretary of the Pension Fund and his associates continued to be very good. The information we require is regularly made available. My communications to the Fund on the problems brought to my attention by our member associations, as well as individual retirees – and in particular to the Director of Operations, Ms. Dulcie Bull, the Head of the Geneva Office, Mr. Gilbert Ferrari and Mr. Bernard Cochemé himself – are promptly attended to. I wish also to put on record that the Fund has shown its ability to respond to particular situations which may arise in this difficult and complex world in which we live. Thus, at the last Board session in 2004 the Secretary/CEO made a proposal aiming at bringing relief to our colleagues residing in countries affected by a steep depreciation of the local currency: this was the adjustable minimum guarantee at 80 per cent of the US dollar track amount. This year he proposes some relief in the case of the loss of purchasing power of retirees residing in a country which underwent the process of dollarization. It can always be argued that the relief proposed by the Fund is not complete enough or quick enough, but we must realize the constraints under which the Fund and its secretariat operate.

I regret very much that no progress can be reported on the situation of our colleagues from the former USSR, Ukrainian SSR and Byelorussian SSR, unjustly deprived of their pension rights. This issue appears as a separate item on the agenda, to enable the Council to decide on any further action.

Speaking on the Pension Fund I wish to put on record our appreciation of the services rendered to the Fund by John Dietz who retired as Deputy Secretary/CEO at the end of 2005, with whom I have had a regular and friendly relationship for many years. His successor is Sergio Arvizu whom we shall meet on Friday during the meeting with Mr. Cochemé and his colleagues. We also have to take leave of Gilbert Ferrari, Head of the Fund's Geneva office, retiring at the end of July. Many of us have known him for years and have appreciated the way in which he always made us feel welcome in his office. His departure will be very much regretted.

I should like now to add a few words about some other items on the agenda. An important subject regularly reviewed by the Council, which affects deeply the situation and the interests of our

membership is After-service Health Insurance and Long-Term Care. The Working Group on this subject met yesterday morning and its report will be submitted shortly to the Council. The Working Group on the Pension Adjustment System will meet this afternoon. A subject not discussed by the Council in the past is the item on the taxation of pensions. Finally, one of the most important items on our agenda concerns the objectives and functioning of FAFICS and revision of its Statutes. The Working Group on this subject met yesterday afternoon and its report will come before the Council tomorrow. I prefer to reserve my observations on this subject until that time, when the report of the Working Group will be introduced.

As I did last year, I invite the Council to examine carefully our financial situation. A slight increase in the level of contributions is proposed as from 1 January 2007. I believe that it is better to carry out a slight adjustment from time to time rather than propose a major adjustment, as was the case in 2004 after a long period during which the contributions remained unchanged.

My report would not be complete without thanking all those without whom I would not have been able to cope with my task, while presenting my apology to all those whom I may have involuntarily omitted. My deep gratitude goes in the first place to the Secretary of the Federation, Anders Tholle, who not only assisted me ably throughout the year but played a leading role in the preparations for this session of the Council, with the assistance of Odette Foudral of AAFI-FAFICS and our temporary recruit, Pauline Glaser. I wish also to express my gratitude for the support given by the Assistant Secretary, Lydia Ontal, in New York. Last, but not least, I wish to mention Juan Mateu who, in addition to being FAFICS' treasurer, has put many extra hours into the preparation of our Conference Room and the reception of delegates. I was able to designate a number of volunteers to help us with the preparation of the report and with the presentation of various items: Peter Lillie, Roger Eggleston; Jean Hanus, Aurelio Marcucci, Michael Davies and Richard Nottidge. To all of them I want to express my gratitude. All through the year I made it a regular practice to consult the officers of the Federation as well as the Presidents Emeriti and, on many occasions, all member associations and I am grateful for their wise advice.

3 July 2006

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 2

Report of the Working Group on the Pension Adjustment System

The Working Group met on 4 July 2006.

The Working Group considered the following items:

- 1) *Special adjustment for small pensions;*
- 2) *Retirees in countries with no agency headquarters;*
- 3) *Paragraph 26 of Annex III;*
- 4) *General Services pensions;*
- 5) *Adjustment of dollar pensions;*
- 6) *Impact of dollarisation in Ecuador.*

1. Special adjustment for small pensions

It was recalled that this subject had been proposed to the Working Group early in 2006 and that the details of the proposal had been agreed by correspondence and included in a document submitted by the Federation to the Pension Board meeting in Nairobi. The Working Group confirmed its agreement on the procedure followed and on the substance of the proposal. (See document UNJSPB/53/R.45)

2. Retirees in countries with no agency headquarters

It was recalled that this subject had been on the agenda of the Working Group for two years but had not been sufficiently documented to work out a structured proposal. The subject has been discussed with the Secretary/CEO in April this year. The convener of the Working Group was satisfied, on the basis of the discussion, that problems which might arise for the retirees concerned were satisfactorily solved by the Fund. The Convener had considered that an appropriate procedure to deal with this item would be to put a written question to the Secretary/CEO on the occasion of the 35th session of the Council. The question may read as follows:

"Concerns have been expressed in the Federation about the situation of retirees residing in countries where no UN agencies have headquarters or offices. Could you explain by what means the Secretariat of the Fund is informed of problems which may arise in such countries for the community of retirees, what is the nature of such problems if any, and how the Secretariat can act to solve them?"

The procedure described and the substance of the question have been approved by the Working Group.

3. Paragraph 26 of Annex III

The inadequacy of paragraph 26 for dealing with acute problems of pension adjustment in situations of monetary or exchange crisis had been discussed for several years in the Council and in the Working Group without any conclusive result. Recently, however, two new proposals emerged which the Working Group has examined.

One of these proposals has been contributed by BAFUNCS and aimed at correcting one of the most obvious shortcomings of paragraph 26, i.e. a lack of quantification, without having to amend the wording of the provision. Inspired by a procedure derived by the World Bank, the solution would consist of assessing the need to resort to the interventions defined in paragraph 26 on the basis of the number of standard deviations in the relevant data registered from a mean in a given period of time. The Secretariat might be invited to use such measurement after having defined the magnitude of the standard deviation. The Working Group agreed that the proposal offered a sound basis for discussions with the Secretariat of the Fund.

The second proposal had been submitted by AFICS-Uruguay. The Working Group considered that it was ineffective as it did not contain any element of quantification and did not refer to any objective criterion. Moreover, it substituted the concept of *abnormality* to that of *aberration* without significantly improving the effectiveness and clarity of the provision. The Working Group agreed that the proposal could not be supported.

4. General Services Pensions and Salaries

Two proposals regarding this item had been submitted by AFICS-Uruguay and AFICS-Beirut. Both proposals were considered technically unsound from an actuarial point of view as they tended unduly to change the odds against the Fund to the advantage of a category of retirees.

5. Adjustment of dollar pensions

AFICS-Uruguay had submitted a very detailed and elaborated proposal aiming at the maintenance of the purchasing power of the dollar pension in countries other than the United States. The Working Group agreed that this was clearly at variance with the basic principles of the adjustment system, which aimed at protecting the purchasing power of pensions everywhere in the world on the basis of uniform income replacement ratios. The dollar pension had its purchasing power protected in the United States only. Elsewhere, protection is afforded by the mechanism of the local currency track. Introducing a double protection of the dollar pension would deeply alter its nature and lead to such increases in the nominal amount in dollars of the pensions that the homogeneousness of the income replacement ratios in the whole world would be seriously disrupted. The Working Group considered that if it supported such a proposal, it would be necessary to submit to the Pension Board proposals for a thorough revision of the whole pension system. It noted also that the 80 percent floor introduced in 2004 already went some way in the same direction as it took into account both inflation in the United States and the evolution of the exchange rate of the dollar in the country concerned, but that it applied universally to the dollar base pension in its function as guaranteed minimum pension.

6. Impact of dollarisation in Ecuador

The Working Group also devoted some time to an examination of the content and conclusions of a study requested by the General Assembly from the Secretary/CEO on the problems resulting from the dollarisation in Ecuador. These problems were well-known of the Working Group, which had been concerned with them since the inception of its activity in 2003. From the beginning the Working Group, with the support of the Council, had insisted that if the rate of inflation in Ecuador was such as to cause hardship to the retirees residing in the country, pensions should be increased exceptionally and on a transitional basis by reference to the salary increases granted to their staff by the UN family agencies operating in Ecuador. Surprise was expressed in the Working Group that such a proposal had practically not been echoed in the Fund Secretariat and the Working Group considered that the procedures of consultation of the Federation with the Secretariat on that type of problems should be reinforced. Nothing having been achieved so far in spite of the back-stage efforts of representatives of the Ecuadorian retirees, the Working Group considered that it was its duty to pursue two objectives, first to assist the Ecuadorian retirees, second to safeguard the integrity of the pension system. It observed that the solutions proposed by the Secretary/CEO in conclusion of his study were short of attaining these objectives, the alternative being to do nothing else than what has been done so far, that is not enough in the opinion of the retirees concerned, or applying ill-defined, arbitrary and ill-adapted measures. Such measures would be dangerous precedents and might undermine the pension system.

The Working Group noted that in his study of the problem, the Secretary/CEO had described the situation in Ecuador as being a situation of "official dollarisation" as opposed to a "de facto dollarisation", the difference being that the Ecuadorian Government, for all official purposes and not only for the needs of the ordinary citizens in their daily life, had adopted the dollar as legal tender in Ecuador. However, the Working Group noted that no agreement had been concluded establishing a monetary union between Ecuador and the United States and that, in terms of international monetary relationships, the adoption of the dollar as its currency unit by the Ecuadorian Government was a mere fact, the more so as Ecuador had not followed the recommendations made by the International Monetary Fund which might have preserved a sound monetary situation, as they did for instance in El Salvador. As a consequence, the dollar in Ecuador was worth less than the dollar in the United States and could be considered as a local dollar subject to its own course of inflation. It should thus be possible to correct the consequences of that local inflation in full conformity with the current regulations in applying the two-track system, which would take account of the evolution of the cost-of-living in Ecuador, on which the Ecuadorian Government appeared to provide reliable data.

Such was the proposal, which the Working Group invited the Council to endorse and submit to the Pension Board.

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 3

Report of the Working Group on After-Service Health Insurance

The Group had before it document Council 35/2006/WG-ASHIL.doc.1 which included a Consolidated Paper on Health Insurance issues (ASHIL601.doc), a paper on the need for Long-term Care Insurance (LTCversion4.doc), Long Term Care, a briefing note by AAFI-AFICS (AAFI-AFICSLongTermCare.doc.rev1.doc) and A proven Need for Long-term Care (ashil504.doc), re-circulated to provide the basis for further debate. An updated revision of the FAFICS ASHIL Data Base was also available in Working Group document ref. No. 35/2006/WG-Ashil.2.doc.2 FAFICS Data Base.

The Group first reviewed the Consolidated Paper on Health Insurance issues, which dealt with cost containment measures and incentives for retirees to use national health schemes. The Group recognized that the analysis of the effect of different cost containment measures showed that the most equitable measure was the use of co-payments. It was also suggested that self-insurance, with the administration of claims processing out-sourced under an Administrative Services Only (ASO) contract, was cheaper than buying a fully insured contract. This was being done in a number of organizations to varying degrees.

In introducing the question of incentives for retirees to use national health schemes, the Convenor emphasized first the importance of any incentives being voluntary and secondly the dramatic effect of shifting costs from the health insurance schemes of an organization to a national scheme. ARICSA pointed out that a retiree who participated in the Austrian national insurance scheme and the supplemental VanBreda scheme paid more than a retiree who participated in the comprehensive VanBreda scheme. Participation in the Austrian national scheme was interesting for General Service staff but not for Professional staff. The choice had sometimes to be made on entering into service with an organization and could not be changed later except if a person retired to another country. The different situations in various countries were described. There was no national scheme in Switzerland; in Australia every taxpayer had to join the national health scheme and a supplementary scheme but the UN schemes did not qualify as supplementary schemes for this purpose; the United Kingdom national scheme was excellent for emergencies and severe illnesses which arose suddenly but was very poor for optional treatments or less severe illnesses; in Chile the local staff had requested that arrangements be made to allow them to participate in the national scheme; in the USA Medicare Part A for hospital expenses was free for those who had the necessary

period of employment in the local economy but everyone had to pay for Medicare Part B for doctors' expenses. At present these costs were borne in full by the retiree. For Medicare Part B participants the organization's schemes waived their deductibles and co-payments.

The Group recognized that the situation in each location differed and that incentives should in principle be voluntary. It was agreed that organizations should examine whether participation by their retirees in any national health insurance scheme, whether at their Headquarters location or in another country where they had a substantial concentration of retirees, would result in a cost advantage and, if so, should make arrangements to take advantage of the benefits of their retirees participating in such national scheme by providing suitable and worthwhile incentives for them to participate in such national schemes.

The Group then engaged in an in-depth discussion on the question of Long-Term Care insurance. ARICSA reported that, as a representative of FAFICS, it had attended the Human Resources (HR) Network meeting in Vienna at which the Network had decided to establish a joint working group on LTC with the Finance and Budget Network. It would be chaired by ILO, which with UNESCO and IAEA would comprise the three HR members, and three members would be designated by the FB Network. The first meeting was expected to take place in September 2006. In accordance with past practice FAFICS should be represented on this joint HR/FB working group.

AAFI-AFICS noted that the problem had been raised in 1996 by AFICS(NY) where the problem had first become significant. The decision at the time to treat it as a problem separate from health insurance was probably a mistake. The cost of ASHI was a global problem, of which LTC was a part. Member States were aware of the costs of ASHI and had already expressed their concerns at the rising costs. LTC was cheaper as a part of a health insurance scheme than as a stand-alone scheme.

It was noted that the cost of LTC was estimated as 3 to 4 per cent of health insurance schemes in those organizations that had such provisions but national schemes suggested that the cost was higher. Schemes that were income-sensitive were more acceptable but it was a social security issue in the sense of Staff Rules and Regulations and LTC should be available to all who needed it. Those with smaller incomes might be more in need and the ability to pay should be taken into account. More data on costs should be collected.

At the FICSA meeting in New York in February 2006 at which the FAFICS paper on LTC had been presented, FICSA had decided that it should continue its endeavours to secure sustainable LTC insurance across the Common System. The Group noted that staff at the local level were not as convinced of the need for LTC. While some administrations recognized the need, staff representatives in individual organizations were not pursuing the matter. Initial data indicated that LTC was important for active staff. Serving staff had to be convinced that LTC was not just for retirees and further data on this facet should also be collected.

Member States should be reminded of General Assembly resolution 60/135 of 16 December 2005 in which it called ‘upon Governments, the organizations and bodies of the United Nations system and the non-governmental community to reinforce their advocacy campaigns aimed at informing all major societal actors, including older persons and their organizations, about the decisions taken at the Second World Assembly on Ageing’ and ‘stressed the importance of the collection of data and population statistics disaggregated by age and sex on all aspects of policy formulation.’ OECD studies on LTC should also be considered as part of the background to the need for LTC.

LTC schemes were developing and home care rather than care in an institution was now preferred, where feasible, as the cheaper and more efficient option. FAFICS should endorse this concept. National data on the nature of care provided should be collected.

The Group decided: (a) to ensure that FAFICS participate in the HR/FB Networks working group on LTC; (b) LTC provisions should be integrated in health insurance schemes; (c) data from national schemes should be developed on LTC costs, on home and institutional care, and on the age at which care was required; (d) the FICSA position should be built upon with staff representatives at the organization level; and (e) an advocacy paper should be prepared using the GA and OECD support to persuade staff administration and Governments of the importance of LTC.

Under other business FFAO reported that when, in the context of FAO’s five year review of its health insurance schemes, a request for proposals (RFP) was sent out recently, the companies responding were requested to bid on the contract as if they were fully insured or as self-insured. The staff and retiree representatives objected strongly to the procedure as inadequate and it was limited to a fully insured contract. Self-insurance would be considered well in advance of the next five-year review and the RFP developed for both types of contract in the proper way as separate RFPs.

FFAO also reported on new legislation in the Netherlands introduced effective 1 January 2007, which introduced mandatory health insurance coverage for every person who received a national pension, from which the premium was automatically deducted. International staff and retirees were exempt. AFUS/Paris reported that UNESCO Medical Benefits Fund had decided to outsource its claims paying functions mainly because the French Social Security had replaced a system of less than 20 codes by another with more than 14,000 codes that only a specialized company could administer, 80 per cent of the medical expenditure of UNESCO participants in the Fund being made in France. AFICS(NY) reported on the new Medicare Part D for drug costs introduced recently under which employers who demonstrated that their drug reimbursement provisions were as good or better than the government scheme would be reimbursed for the savings they caused for the Government scheme. This would be used to reimburse retirees who participated in the Medicare Part B for doctors’ expenses for a part of their premium costs. Such participation was important as the Government paid three dollars to the Part B scheme for every dollar paid by participants in the scheme, which became primary in most cases. CAFICS

reported that their Headquarters scheme was self-insured except for cases of more than \$50,000 a year, which were insured under a separate contract.

The group decided: (i) to include an agenda item in its future meetings on new developments; (ii) that self-insurance of medical costs was cost-effective; (iii) the data base should be reviewed and updated; and (iv) that an advocacy paper based on new data collection and the use of national data should be prepared which should aim to (a) convince active staff of the need for LTC; (b) press the case that LTC could be cost effective; and (c) reinforce the stated positions of Governments concerning Ageing.

The Group decided to propose to the FAFICS Council that for the year 2006-2007 Mr. O. Richard Nottidge of AFICS(NY) should be asked to be the Convenor of the Group and Mr. Peter Lillie of ARICSA should be asked to act as Rapporteur.

New FAFICS Policy Positions

Organizations should examine whether participation by their retirees in any national health insurance scheme, whether at their Headquarters location or in another country where they had a substantial concentration of retirees, would result in a cost advantage and, if so, should make arrangements to take advantage of the benefits of their retirees participating in such national scheme by providing suitable and worthwhile incentives for them to participate in such national schemes.

Home care rather than care in an institution was preferable for LTC, where feasible, as the cheaper and more efficient option.

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 4

Report of the Working Group on Revision of the Statutes

Working Group on the Objectives and Functioning of FAFICS
and the Revision of its Statute

Palais des Nations, Geneva, 3 July 2006

Convenor: Witold Zyss, President, FAFICS

Participating members:

| | Present | Represented by proxy |
|-------------------------------------|---------------------------------|---------------------------------|
| President Emeritus Aamir Ali | | |
| AFICS – Argentina | FFOA – Italy | AFICS – Bolivia |
| AAFICS – Australia | AFICS – Russia | AAFIB – Brazil |
| ARICSA – Austria | AAFI-AFICS – Geneva | AFUNPI – Bangalore-India |
| CAFICS – Canada | BAFUNCS – United Kingdom | FOA – Turin |
| AFICS – Chile | AFICS – NY-USA | AFUNO – New Zealand |
| ASOPENUC – Colombia | AFICS – Uruguay | AUNPP – Pakistan |
| AFUS – France | | APEFUNO – Paraguay |

Backdrop

The Convenor drew attention to the documents before the Working Group:

Council 35/2006/D.19: Analysis of contributions received

Council 35/2006/D.19/Add.1: The issue of voting rights

Council 35/2006/WG-Statutes.doc.1: Contributions by individual officers, associations and a group of associations

He recalled that the 34th Session of the Council (2005) had decided to set up an open-ended Working Group on the matter and invited the President to act as its Convenor. In that capacity, he had requested member associations to provide comments and proposals for consideration at the forthcoming 35th Session of the Council. He noted that the Council in 2005 had envisaged that the process would take two years in all, allowing for a preliminary review of proposals by the Working Group and the 35th Session of the Council in 2006, on the basis of which the Statutes would be redrafted for presentation to the 36th Session of the Council in 2007.

He noted that, in addition to the general comments received, a specific amendment to Article 6 (Voting Rights) had been submitted by AFICS-Uruguay, in accordance with Article 8 of the current Statutes. This submission would be taken up by the Council under a separate agenda item. Nevertheless, since the issues were so interrelated, he assumed that the

Working Group would wish to take the concerns of AFICS-Uruguay into account in its consideration of amendments to Article 6. Hence, the AFICS-Uruguay proposal was also before the Working Group in document Council 35/2006/D.18.

In recalling the timeframe for the exercise foreseen by the 34th Council Session, the Convenor invited the Working Group at the conclusion of its current deliberations to consider the necessity of reconvening before the Council's 2007 Session.

The Chairman of AAFI-AFICS informed the Working Group that, in accordance with the protocol agreed to within AAFI-AFICS in 1998, member associations of AAFI-AFICS might both participate in and submit documents to the FAFICS Council without those papers necessarily having the approbation of the AAFI-AFICS Committee. It was in this light that the ILO Section of Former Officials was submitting a note to the Council in respect of the revision of the Statutes and the case of the Geneva-based associations of former civil servants; it would be circulated as document Council 35/2006/CRP.5. [As the document had not been available to members of the Working Group before the meeting, it was agreed that its consideration should be left until the plenary discussion of agenda item 19.]

In terms of the management of its work, the Working Group concluded that it should move forward to consider each article of the Statute *seriatim*, taking note of the comments and proposals received and to the extent possible reaching agreement on the spirit if not the letter of the texts of each article. In that context, the AFICS-Uruguay proposal would be considered in conjunction with other proposals related to Article 6. [N.B. The texts of the articles of the current Statute are contained in document Council 35/2006/D.19 and will not be repeated here.]

General comments

A large number of participants in the Working Group underscored the “leitmotif” of a large number of written contributions – namely that of ensuring that the revised Statutes were as brief and concise as possible.

Preamble

In the context of this desire for “lean and mean” Statutes, there were proposals to delete the Preamble altogether; others considered that, if retained, it should be very short and limited to one or two sentences.

Generally, the Working Group preferred to retain a brief preambular text by way of introduction to the Statutes themselves. Those elements that were more closely related to the Federation's purposes and objectives (its mission statement) should, however, be more properly placed in Article 2 (Purposes and Functions).

It was most likely that the revised text would therefore encapsulate the first and third paragraphs of the current text in one sentence along the following lines:

“The associations of former international civil servants who have served in the Organizations of the United Nations system have agreed to coordinate their efforts through a Federation of Associations of Former International Civil Servants (FAFICS), hereinafter referred to as “the Federation” whose Statutes are set forth below:”

Article 1 (Headquarters)

After a series of exchanges as to the merits and demerits of preserving the reference to the Swiss Code of Civil Law, the Working Group noted that practices differed among member associations. Some associations considered themselves closely linked to the organizations headquartered in the cities in which they were located and that they did not need coverage under national legislation. Others considered that, for coordinating bodies such as FAFICS, it was necessary to keep a binding reference to relevant national legislation not only for practical reasons, such as opening a bank account, but also as a general safety measure. The Working Group determined that it would be best to seek legal advice from a Swiss lawyer or a lawyer in one of the organizations based in Geneva.

Otherwise, no changes to the article were foreseen.

Article 2 (Purposes and Functions)

Four written proposals for amendments of Article 2 had been received; these sought to introduce additions to clarify, reorder and/or eliminate the current provisions.

The first of the proposed additions to the list of aims was that of introducing the notion of defending the interests not only of the associations but of retirees themselves.

A second addition was that of extending cooperation to associations of retirees outside the framework of the United Nations family of organizations.

The Working Group supported the introduction of both of these additions. It was concerned, however, that the notion of “defending” the interests of retirees and beneficiaries should be expanded by introducing also the concept of “promoting” their interests to avoid any suggestion of negativity.

In the discussion that ensued, the importance of incorporating in the article a general reference to FAFICS’ activities in cooperation with NGOs was stressed. A suggested formulation was “to cooperate with other associations and organizations as appropriate”.

In terms of reordering the Federation’s aims, the Working Group concurred with the view that the noblest values should come first and hence support for and promotion of the purposes, principles and programmes of the United Nations system should be introduced high on the list of aims.

Those who wished to use the substance of the article to attract new members were of course at liberty to reorder these aims to meet their particular needs.

The suggestion that the reference to the promotion of United Nations principles might be introduced in the Preamble to the Statutes did not find favour with the Working Group.

The Convenor concluded that one or more drafts might need to be considered, taking a composite of the texts already submitted as a starting point along the following lines:

“The aims and objectives of the Federation shall be:

- (a) to bring together the community of former international civil servants and to provide a framework for their activities;**

- (b) **to support and promote the purpose, principles and programmes of the United Nations system;**
- (c) **to promote and defend the interests of the community of former international civil servants;**
- (d) **to represent former international civil servants on appropriate organs of the United Nations system and in particular to represent retirees and beneficiaries on the United Nations Joint Staff Pension Board;**
- (e) **to promote exchanges and coordination with federations of staff members in service and to cooperate with other associations and organizations as appropriate;**
- (f) **to support and coordinate the activities of member associations.**

Article 3 (Membership)

The review of Article 3 attracted most debate in the Working Group, particularly in respect of who was, who should be, and who should not be, members of the associations which composed the Federation (e.g. whether active staff members should be members, and/or former consultants, or only retirees and, if so, only retirees in receipt of a pension, and so on.)

Although at some future stage, notably in connection with the possible election of representatives of retirees on the United Nations Pension Board, it might be necessary to know exactly how many retirees and beneficiaries were members of the member associations of FAFICS; that information could be obtained through a questionnaire.

The conclusion was that the determination of who could be a member of an association was a matter that should be and had to be left to each association. It was not for FAFICS to attempt to prescribe the conditions of membership of an individual association.

On the other hand, the Federation had reached agreement on the criteria on which membership of the Federation itself should be based, namely:

1. Its aims must be compatible with those of FAFICS as defined in Chapter II of the Statutes.
2. Its membership must be open to all former officials of the UN system and their survivors.
3. It must be independent.
4. It must be able to meet its financial obligations.
5. It should be of viable size, preferably with no less than fifty members.
6. It should not be established in a location where a member association of FAFICS already exists.

Particular emphasis was laid on the formulation in the criteria in respect of the size of an association, i.e. “preferably with no less than 50 members”. This was not a rigid figure; nevertheless, the proposal to reduce this benchmark to 40 members was generally supported.

Similarly, there was general support for the proposal to continue to recognize associations whose membership was declining at least until the number of members reached half of that incorporated in the criteria (i.e. 20 members if the preferred membership of the association were 40).

In a spirit of encouraging membership from “emerging” associations, the Working Group was also supportive of the introduction of Associate Membership with clearly defined rights and obligations. It was nevertheless agreed that such criteria should not form part of the Statutes themselves, although it would be helpful to make reference to them in the Statutes in terms of “meeting the criteria spelled out from time to time by the Council”. A specific proposal to limit active membership in only one association member of the Federation did not find support.

On a related question of the presence of observers in Council sessions, the Working Group preferred a pragmatic approach by which it could invite those bodies with which an exchange of views or the development of a common strategy could be advantageous to join the Council on a specific topic rather than sitting through full Council sessions. Reference was made to individual staff associations, groupings of staff associations (FICSA and CCISUA), as well as associations of retirees of international civil services other than the United Nations family with whom such exchanges might take place.

Alternatively, members of the bureau of the Federation could meet with officers from other such bodies to review more generally issues of common concern.

The question was not one of status but of positive interaction with relevant interlocutors in search of a common goal.

Thus, the Working Group preferred not to make Article 3 more prescriptive but nevertheless to make reference more precisely to the role of the Council in deciding who could be a member of FAFICS along the following lines:

“Membership shall be open to associations of former international civil servants of the United Nations system which meet the criteria spelled out from time to time by the Council.

“Applications for membership shall be decided on by the Council.”

Articles 4 and 5 (Organs of the Federation and the Council)

An extensive exchange of views on whether to introduce more prescription or retain the current flexibility in the arrangements for Office-bearers (Bureau members) took place. Generally, it was felt that, although there was no need to “repair a structure that was not broken”, it could be advantageous to tighten up some structural matters.

In this light, the Working Group considered that the Council:

- (a) should spell out who were the officers and what were their functions;
- (b) should introduce term limitations of between four and six years for all officers;

and above all should reflect the overwhelming desire to attain, among their officers as wide a geographical representation of members of the Federation as possible.

The different structures employed by association members were reported to the Working Group but, on balance, the Working Group preferred, subject to the indications referred to in (a) and (b) above, to retain the current structure whereby the President presided over the annual council meeting.

The Working Group agreed, however, that the Council did not “manage” the Federation’s activities and would revise the text along the following lines:

“There shall be a Council which will be responsible for all the activities of the Federation. It shall consist of representatives of each Member Association. It shall elect its officers and establish its Rules of Procedure.”

Article 6 (Voting rights)

Against the backdrop of replacing the Federation’s current weighted voting arrangements, a number of alternatives were put forward based essentially around two options:

- (a) A simple majority vote based on one association, one vote (as proposed formally by AFICS-Uruguay); or
- (b) a positive vote being determined on the basis of
 - (i) a majority of member associations AND
 - (ii) a majority of the number of individual members of those associations.

Whatever the determination, the Working Group repeatedly underlined that, historically, Council decisions had been reached by consensus. The weighted voting arrangements had rarely, if ever, been resorted to and it hoped that the process of reaching consensus would remain the modus operandi. Nevertheless, a vote could be called for and a system had to be in place for such an eventuality.

On reflection, the Working Group concluded that there were essentially two issues on which the perception of undue imbalance between associations – budget matters (notably raising contribution rates) and revision of the Statutes.

The Working Group therefore concluded that it would propose to the Council a variant by which Council decisions would be taken by a simple majority, except for decisions in respect of the budget, and amendment to the Statutes that would be based on the double majority outlined above.

Furthermore, amendments to the Statutes (Article 8) would need the approbation of all member associations, whether present at the Council session or not.

A possible revision for Article 6 would read:

“Each Association represented at the Council session shall have one vote. Voting will normally be by simple majority, except for decisions on the budget of the Federation when a majority of associations represented at the session AND a majority of the number of individual members of those associations, shall be required.

“Decisions on amendments to the Statutes are governed by Article 8.”

Article 7 (Finances)

The Working Group agreed with the following proposal:

“The Federation shall be financed by annual contributions from each Member Association in an amount to be determined by the Council. It shall have an annual budget approved by the Council which shall receive an annual audited Statement of Accounts.”

Article 8 (Amendments)

The Working Group agreed to the following proposal:

“An amendment to the Statutes shall be considered by the Council in the first instance. If it is supported by a double majority (as laid down in Article 6), it shall be circulated for approval to all member Associations and shall require a double majority for adoption.”

6 July 2006

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 5

Notes, submitted by AFICS (NY) on the FAFICS Council document Council 35/2006/D.7 (containing a copy of a document with proposals for changes and amendments of article 35bis of the UNJSPF Regulations, as had been submitted to the UNJSPB for consideration at the Board's 53rd session, in Nairobi 13-21 July 2006).

Agenda item No. 7: Article 35 bis of the Fund's Regulations
(divorced surviving spouses)

Notes on FAFICS paper, Council 35/2006/D.7
submitted by AFICS (NY)

1. **The issue of "retroactivity"**: The present Article 35 *bis* applies in all cases where the beneficiary's separation from service took place on or after 1 April 1999. The FAFICS document D.7 argues in paragraphs 5 to 7 that a participant who divorced before 1 April 1999 was entitled to assume that the surviving spouse's benefit would go in its entirety to his new spouse, and may have arranged his affairs concerning the entitlements of present and former spouses accordingly. The FAFICS document proposes that the reference date for the application of Article 35 *bis* should be changed from "separation from service on or after 1 April 1999" to "divorce" on or after 1 April 1999. Further, in paragraph 8 it proposes to change the benefit that a former spouse divorced before 1 April 1999 could receive to twice the minimum surviving spouse's benefit (presently \$3,647 p.a.), or three times the minimum surviving spouse's benefit if its recommendation contained in its paragraph 13 is accepted. The paper recognizes that this change might call for transitional measures in those cases where a benefit has already been awarded.

Changing the reference date of application of Article 35 *bis* would eliminate most of the neediest cases of divorced former spouses whose plight originally brought the whole matter to the attention of the Pension Board and sometimes the world press. The changes were adopted in part because the then Executive Secretary argued that this was a rather small, discrete number that could be handled by the Fund, which has so far proved to be the case. AFICS (NY) feels that any issue of retroactivity that might arise could be dealt with in the courts, which are usually accustomed to hearing requests for reformation of the terms of the divorce settlement because of changed circumstances, and that more could be lost than gained if the new date were adopted. *Thus AFICS (NY) does not agree with this point as stated inadvertently in the FAFICS document.*

2. **The requirement that the former spouse "request" the benefit** (paragraph 7 (a) and also paragraph 14, penultimate line): As in the present Statute, the benefit is triggered by a request by a former spouse. AFICS (NY) feels that it is unreasonable and impracticable to require a former spouse, who is probably unfamiliar with the Pension Fund Statute, is not necessarily in touch with the former spouse, may reside in a different country, and may not

even know the beneficiary has died, to request the benefit. The position adopted by many member States domestically is that after the requisite number of years of marriage during contributory service a share of the pension should vest independently in the spouse, who would then be responsible for keeping in touch with the Fund and notifying it of any change of address. In many cases the Fund is in a better position to know of the death of a former participant than the former spouse. *Here again, AFICS (NY) finds itself unable to join this proposal.*

3. Duration of the marriage (paragraph 12): All UN and Pension Fund entitlements are at present determined solely by documentary evidence indicated by certificates of marriage divorce, death, childbirth, etc. AFICS (NY) considers allowing for an alternate date of dissolution of marriage as proposed in the FAFICS document introduces an element of uncertainty, delay and potential challenge into the calculation and distribution of benefits. *Thus AFICS (NY) is also unable to support this point.*

4. Paragraph 14 is somewhat obscure. The reference date of Article 35 *bis* is at present the date of separation of the participant. If both the divorce and the separation from service took place before 1 April 1999, as seems to be the situation described in paragraph 14, the proposed change in reference date to “divorce” on or after 1 April 1999 would surely exclude payment to the former spouse. *Here again, AFICS (NY) is unable to support this proposal as contained in the FAFICS document because of its restrictive nature.*

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 6

Submission by the Section of Former Officials of the ILO Staff Union on the Revision of the statutes of FAFICS

Council 35/2006/CRP.5

Provisional agenda item no. 19: Objectives and functioning of FAFICS and Revision of its Statutes

Note by the Convenor

In accordance with an agreement among Geneva-based associations of former staff, the Chairman of AAFI-AFICS has accepted a request by the representative of the ILO Section of Former Officials, which belongs to the AAFI-AFICS delegation, to have the attached proposal for amendments to FAFICS Statutes and structures circulated at the 35th FAFICS Council.

The Chairman of AAFI-AFICS has pointed out, however, that this statement does not reflect the position of his Association as a whole as contained in Council document 35/2006/WG-Statutes.doc.1.

FAFICS COUNCIL
(Geneva, 3 to 7 July 2006)
Revision of the FAFICS Statutes
and

the case of the Geneva based associations of former civil servants

This note is presented by the **Former ILO Officials Section** (in this document to be designated as "the Section"). The note refers to the proposal for the revision of the **FAFICS Statutes** as well as to the **Rules of Procedure** adopted by the **FAFICS Council** meeting in 2000).

The **Section** is of the opinion that **particular** rules should apply to the Geneva-based Former Officials associations. In fact, besides **AFICS**, there exist in Geneva a number of other former officials associations (ITU, WMO, WIPO, GATT/WTO, WHO, ILO), some of which having at least 900 members living in about sixty different countries. Depending on the organization, the retirees may have their specific problems, for example concerning their Organization's health insurance fund, this in spite of the efforts and actions of the **FAFICS** Health Insurance working group.

The application of the rule of one association - with at least 60 members - per country as **FAFICS** member has resulted in very unexpected and illogical situations. For example, in Geneva, only **AFICS** is member of **FAFICS**, whereas, in India, two associations – each one with about 100 members - are member of **FAFICS** because they are based in two different towns.

The **Section** has already earlier pointed out that the other Geneva-based associations could have their own representatives within the **AFICS** delegation to the **FAFICS Council**. These representatives could express their association's views on the items on the Council agenda, even if these opinions differ from the **AFICS** opinion. However, in case of a vote, they cannot participate. It is understood that the **FAFICS Council** always tries to take its decisions by consensus, but as foreseen in the revision of the Statutes, it is appropriate the Statutes clearly define the voting rules.

On this particular point, different proposals have been formulated such as: one vote per association or a number of votes based on the number of members of each association. In the latter case, **AFICS** will have an unjustified advantage over other associations because according to its Statutes, **AFICS** can accept both retired and active officials as member.

This, in fact, also creates a problem for the other associations. Because of this provision in its Statutes, and by presenting itself as the most representative association of former civil servants, **AFICS** recruits as member, officials **some years** prior to their retirement. When the other associations contact these officials few weeks before or after their retirement, these persons are often very surprised because they were in the belief that they were already member of the sole representative association of former civil servants. Moreover, in many cases, they are not prepared to pay another membership fee.

In view of the above, one could raise the question whether the title "AFICS-Association of Former Civil Servants" is still justified.

Attention is also drawn to the following point: the majority of the members of the **FAFICS Board** are member of **AFICS**, notwithstanding the creation, in 2005, of seats for FAFICS Officers, representative from associations in Africa and Latin America.

CONCLUSIONS

The Section of Former ILO Officials wishes that, on the occasion of the Geneva session of the **FAFICS Council**:

- the **Rules of Procedure of FAFICS** be amended and completed so as to recognize the unique situation of Geneva in order that other Geneva-based associations will become eligible as **FAFICS** members provided that have at least 600 / 700 members;
- the number of **FAFICS officers in the FAFICS Board** be increased in order to allow some other associations to have a seat. Such enlargement would be in line with the decision taken by the New York session of the **FAFICS Council** (2005) which, in order to improve the representativity of the **FAFICS Officers** group, granted additional seats to representatives of associations from different regions and continents (Africa and Latin America).
- alternatively, the number of seats granted to **AFICS** could be decreased for the benefit of the other associations.

Geneva, 30 June 2006

Mario Tavelli
Secretary of
the Section

Report of the thirty-fifth session of the FAFICS Council
Geneva 4-7 July 2006

Attachment 7

Statement by Jean-Jacques Chevron, Chairman, AAFI-AFICS Geneva

I wish to address briefly document CRP. 5: the document distributed by a member of our delegation representing the ILO Section of Former Officials.

Although I am at the disposal of the Council to comment upon any of the various statements contained in the first part of that document – each of them, in my view, being subject to a number of serious reservations – I shall at this stage jump straight to the conclusions submitted by the ILO Section.

First, the ILO Section proposes that the Statutes be amended to allow all Geneva associations admission to FAFICS membership, provided they have at least 600 members, which incidentally would exclude all the smaller associations. In this connection, I would like to recall that a number of criteria for admission have been decided upon by the FAFICS Council over the years and were reconfirmed in 2002. In the first place, the ILO Section does not fulfil the most important criteria: it is not open to retirees of all the organizations of the UN system; it is not independent as it is part of the ILO Staff Union; it is established in a location where a member association of FAFICS already exists. All these criteria would have to be abolished by the Council in order to grant satisfaction to the ILO Section.

Secondly, the ILO Section claims that the large associations representing former officials of some specific specialised agencies should be granted a seat among the officers of the Federation to enlarge their ‘representativity’ in the same way that all regions were given at least one seat in the bureau of the Federation. Again, it is essential to recall that each FAFICS member association does not represent retirees of one given organisation only, but **all** former UN system officials who are their members. Such a dual ‘representativity’ within the bureau would make no sense.

As far as the third conclusion is concerned (i.e. to reduce the number of officers coming from AAFI-AFICS Geneva), I just want to recall that two of them – namely the Secretary and Treasurer – hold essentially ‘technical’ responsibilities, while the third one – one of the vice-presidents – is the Chairman of the association that has the largest number of members within the Federation.

Finally, I would like to point out, as I did when this document was distributed, that all associations of former officials attached to a single organisation in Geneva are given the rights – by our statutes – to be represented on the Committee of AAFI-AFICS and to participate in the FAFICS Council within the delegation of our association. Even with the right to express divergent opinions, as is the case today.