

**Hundred and seventy-first session**

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**REPORT BY THE DIRECTOR-GENERAL  
ON THE STATE OF THE UNESCO MEDICAL BENEFITS FUND**

**ADDENDUM**

**SUMMARY**

In accordance with Rule 2805.7 of the Administrative Manual, the UNESCO Staff Union presents its own comments on the report by the Director-General.

1. Faced with the lack of transparency in the management of the Medical Benefits Fund (MBF), the participants and associate participants in the Fund established a MBF Defence Committee. The Committee is supported by two staff associations: STU and “Le Syndicat”. The Committee has endeavoured to draw the attention of the Director-General to the concerns of the Fund’s participants with regard to the dangers and inefficiency of a possible total or partial privatization of the Fund. In November 2002, during the MBF Extraordinary General Assembly, a resolution was adopted recalling the strong desire of the participants and the Member States to maintain the Fund within the UNESCO Secretariat in its present form, as a co-managed, mutual benefit scheme based on solidarity (cf. 159 EX/24). That resolution was transmitted to the Director-General by the President of the UNESCO Staff Union (STU), the President of “Le Syndicat” and the President of the Association of Former UNESCO Staff Members (AFUS) (23 December 2002). Those three associations wholeheartedly endorsed that resolution and drew attention, in particular, to their firm opposition to any attempt to outsource, in full or in part, the services provided by the Fund.
2. The most recent General Assembly of Participants (for 2003) was held on 16 December 2003, 3 March 2004 and 3 June 2004. During that Assembly, the majority of speakers were critical of the management of the Fund. Asked about the proposal for the provision free-of-charge to UNESCO by the World Health Organization of a software program used by their Fund, the Secretary of the Medical Benefits Fund affirmed that the competent services were actively working to adapt the

WHO software to UNESCO's needs and that it would be operational on 1 January 2005. Nevertheless, the MBF Defence Committee has learned that nothing was done in that regard, but that proposals were instead made to the Directorate for the signing of a contract for a five-month "pilot project" with a private firm, without any call for tenders and without requesting the advice of the Contracts Committee, which is contrary to the principles of competitiveness and transparency. It was only after the MBF Defence Committee drew attention to that matter that the Administration finally informed us of the pilot project on 10 November 2004. Subsequently, the MBF Defence Committee, STU and "Le Syndicat" appealed to the Director-General on 29 November 2004 to suspend the implementation of the project. That appeal remained unanswered.

3. The reason given for outsourcing the management of the reimbursement of medical expenses was the backlog that had accumulated and, in that regard, the assistance provided by the Groupement Médical et Chirurgical (GMC-Services) was supposed to ensure that the backlog would be eliminated. Yet, many cases of reimbursement problems have been brought to the attention of the two associations supporting the MBF Defence Committee. STU and "Le Syndicat" have sought in vain to explain to the Director-General that the backlog in the management of reimbursements was a result of the determination of the Bureau of Human Resources Management to create a crisis artificially in order to justify outside intervention. That fact is that the refusal to make available to the service concerned the necessary staff and the software offered by WHO produced the backlog and the response of the Directorate which set up, without consulting the Fund participants, the pilot project mentioned above. Proper management of the service would have, instead, produced substantial savings.

4. The MBF Defence Committee, STU and "Le Syndicat" would like to draw the attention of the representatives of the Member States to the situation at the time this addendum was drafted:

- (a) reimbursements to associate participants have been managed by GMC since 15 November 2004, under a five-month contract and in the form of a "pilot project". Participants in the Fund have not been informed of any planned follow-up to that procedure.
- (b) The MBF Board of Management, despite the nomination of a new Chairperson in consultation with the staff associations, continues to make all its decisions without taking into account the comments and requests for clarification of the elected members of staff, who are constantly outvoted within the Board. That situation has reached such a point that our representatives are thinking of resigning, since they believe that their participation amounts to legitimizing decisions that they do not endorse or in relation to which they do not have adequate information.
- (c) The MBF Board of Management has decided to convene the General Assembly of Participants on 11 May 2005, after the end of the 171st session of the Executive Board, even though the Executive Board will be examining two reports on the Medical Benefits Fund (Report by the Director-General on the state of the UNESCO Medical Benefits Fund – document 171 EX/30, and the report by the External Auditor on the Fund – document 171 EX/32). Thus, during its consideration of those two documents, the Executive Board will not be aware of the views of the General Assembly of Participants on the issues dealt with therein, even though the participants are half-owners of the Fund. The MBF Defence Committee, STU and "Le Syndicat" denounce and deplore the Administration's authoritarian, non-transparent and even disdainful attitude.

6. It should be recalled that for staff members, participation in the MBF, a mutually-financed and jointly-managed fund as noted in all the official documents, is compulsory. Therefore, participation in its management is a right, albeit one that the Administration no longer accords us.

7. Member States pay to the MBF a contribution equal to that of the participants and the Administration presently bears the administrative expenses of the Fund. In recent documents, such administrative expenses (evaluated at approximately 7% of the MBF budget, although the expert Mr Bellocq considers that such expenses should represent 3% of the budget) have been appearing as a contribution of the Member States. Is the cost of the many contracts and studies, over which we have no influence, also going to be included as such? We ask the representatives of the Member States to take note of the fact that this is a “contribution” which in reality does not go into the budget of the Fund.

8. The participants, through STU and “Le Syndicat”, call for transparency and joint action with regard to all decisions and all choices that will be made, in the interest of harmony and reconciliation of views, because the proper functioning of the Fund is a matter of common interest. In reaffirming its support for maintaining the management of the Fund within the Organization, the participants hope that the matter will be clearly and definitively resolved at the next session of the General Conference, when the results of the financial and operational audit of the Fund decided on by the General Conference at its 32nd session are duly examined.