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Item 6 of the provisional agenda

**REPORTS BY THE DIRECTOR-GENERAL  
ON SPECIFIC MATTERS**

**PART X**

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

**ADDENDUM**

**COMMENTS OF THE UNESCO STAFF UNION (STU)**

**SUMMARY**

In conformity with item 2805.7 of the UNESCO Administrative Manual, the UNESCO Staff Union (STU) submits its observations on this report by the Director-General.

Comments of the UNESCO Staff Union (STU) on Part X of document 185 EX/6: **Report by the Director-General on specific matters**

1. The UNESCO Staff Union (STU) welcomes the fact that, in its analysis of the Medical Benefits Fund (MBF), the consulting firm Deloitte recognized the need to maintain the principle of the Fund's current self-funded arrangement, which is in line with the wishes regularly expressed by the participants.
2. STU further notes that, according to the consulting firm, if no changes are made to the financing of the Fund, it will become insolvent by 2016. It is therefore important, as STU has already mentioned several times with reference to the wishes of the participants, to take steps without delay to remedy the financial situation and to put in place the mechanism to make

adjustments automatically on a regular basis based on expenditure forecasts from year to year, as provided for by the 2005 global plan of action.

3. STU recalls that the participants are very attached to the principle of solidarity on which UNESCO's Medical Benefits Fund is built. The contributions are based on the salaries or pensions of the participants. It also recalls the need, for the financial equilibrium of the Fund, to increase the Organization's share of contributions, in order to reach a 60/40 distribution between the employer and the employee, as is the case in the other agencies of the United Nations system.

4. STU therefore favours any option which, based on an overall increase in contributions and the establishment of a mechanism of regular, automatic adjustment, would enable the stabilization of the Fund's financial situation and the continuing study of other structural changes that may prove necessary.