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Item 32 of the provisional agenda

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

### ADDENDUM

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

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.

1. STU welcomes the Corrigendum to document 190 EX/32, not least since it will provide the present Board of Management, as well as all parties concerned, an opportunity to read and consider the consultants' proposals on governance in light of the full report. For, on the evidence available, the proposed new management structure has little of merit and is not likely to improve the functioning of the Fund.

2. It is perhaps worth noting that the Medical Benefits Fund is not a unit of the Secretariat, though it is administered by such a unit, SPI. It is, according to Article 1 of the Rules of the MBF, "a mutually financed and autonomous health insurance scheme based on principles of solidarity".

In principle, this should mean that any decisions about a change in the governance structure should be taken by the Board of Management. Indeed, Article 7.1 of the Rules, states: "Proposed amendments to any of the provisions contained in Sections V, VI and VII of these Rules and the annexes thereto must be approved by the General Assembly of Participants."

Section V deals with the management of the Fund; Section VI deals with financial provisions.

3. Further, Article 5.2.7 of the Rules states that the Board may "seek medical, technical, material, actuarial or legal advice as it deems necessary". Until 2006, the Board was advised by an actuarial consultant, who attended Board meetings and provided the participants with an annual report. Since his retirement, the Administration has contracted a number of consultants, without consulting the Board, as it has done once again in this case. Requests to see at least the Terms of Reference of contracts that have been issued are rejected with the argument that since the Fund

does not pay for the consultant, participants have no right to be consulted. This is a clear abrogation of authority by the Administration.

4. If the General Assembly of Participants has sometimes been critical of the functioning of the Fund, it has never called into question the bipartite nature of the Fund, both in its governance and financing. Thus, it is essential that there be the widest possible consultation on the issue of governance. Furthermore, STU would like to emphasize that whereas it met with the external consultant to give views about the actual governance, and not to a new proposal, STU was never able to access to the full text of the final report to check and give agreement on what was reported.

5. STU would also like to draw the attention of the Board to the fact that the MBF and ASHI (After Service Health Insurance) are two separate financial concerns. The MBF is part owned by the participants.

6. Finally, STU would like to stress that while the Administration was proposing to change the Governance structure and the Rules of the MBF, without any consultation, a Working Group of the Board of Management has been meeting regularly since June and over the summer to make proposals on immediate and long-term solutions for incomes and expenses in order to balance the Fund. After being reviewed and approved by the MBF Board, these recommendations should be sent to the Director General before the end of the year.