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

PART I: GOVERNANCE OF THE MEDICAL BENEFITS FUND (MBF)

ADDENDUM

COMMENTS OF THE UNESCO STAFF UNION (STU)

Pursuant to Item 9.2.E.7 of the UNESCO Human Resources Manual, the UNESCO Staff Union (STU) submits its comments on the reports by the Director-General.

1. The STU trusts that the General Conference will reconsider its previous decision contained in para. 1 of 37 C/Resolution 85 whereby “*The General Conference ... decides to amend the Rules of the Medical Benefits Fund as set out in Part 3 of document 37 C/38 Add.*” and return the Medical Benefits Fund to lawful and functioning governance. The Fund has been without any form of governance for all but 10 months of the last four years, which has caused numerous problems for many participants.

2. The STU notes that the description of the Fund in para. 2 is **not correct**. The administration of the Fund has not been outsourced since 2008. It is only the reimbursement of claims that has been outsourced, and that, since 2006. There is considerable confusion, both in the Administration and the External Auditor's Report (e.g. in Recommendation 4) about the role of the Medical Service, the MBF Unit in HRM and the Claims Administrator. The Rules are clear and the respective roles should be followed.



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3. Paragraph 4 is **misleading**: there is nothing in 37 C/Resolution 85 about “introducing a new governance structure in order to strengthen the financial sustainability and effectiveness of the Fund.” Financial sustainability had already been actualized with the authorization of the Director-General, in 36 C/Resolution 99, to revise the scale of contributions every two years, as needed, to maintain the balance between the Fund’s income and expenditures.¹

4. We note that the Report of the External Auditor is not the “*full performance audit including its financing, governance and administration ... and a review of its own last report, i.e. of 2005*” of the MBF, intended by the General Assembly of Participants in September 2013. It is a very partial review of the administration and finances of the MBF and UNESCO Medical Service, from the perspective of the Bureau of Human Resources Management. In addition, it contains many errors and misunderstandings, among them:

- the statement that the 2008 Rules changed the governance structure of the MBF and greatly increased the powers of the General Assembly of Participants by introducing the right of participants to vote on amendments to the main provisions of the Rules is **not correct**. There was no such change in 2008 and this right had been in the Rules since the creation of the MBF in 1948;
- Recommendation 6 is unnecessary. An actuarial evaluation every two years is included in both the 2008 and 2014 Rules, but the Administration has failed to carry out this obligation since 2006, with an evaluation only in 2010. And, as noted above, measures to prevent any repetition of the deficits of 2008-2011 were taken with 36 C/Resolution 99 in 2011;
- the After-Service Health Insurance (ASHI) liability is a liability of the Organization, it is **not** part of the MBF, which is a joint staff-administration mechanism for providing health insurance².

5. The STU regrets that there is little indication of how the Secretariat intends to implement the recommendations of the External Auditor, at an operational level, over the coming months to ensure a fully functioning governance of the MBF in 2018. We can only reiterate our request that the Secretariat implements the ILOAT judgments, without further delay, and rescinds the 2014-16 Administrative and Information Circulars to return the MBF to the governance structure contained in the 2008 Rules.

¹ See 39 C/36 Part II.

² Ibid.