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### REPORT BY THE DIRECTOR-GENERAL ON THE STATE OF THE MEDICAL BENEFITS FUND (MBF) AND THE GOVERNANCE STRUCTURE

#### ADDENDUM

#### COMMENTS BY 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. STU notes that the Board of Management, in implementing the recommendations of the External Auditor, has “commissioned a full actuarial valuation (sic) and study of several benefit option scenarios” (para. 3); however, this appears to be inconsistent with item 468 in 207 EX/28.INF of 17 August 2019 (Report on the Implementation of the Recommendations of the External Auditor) which states that “HRM is in contact with Mercer but as some of the Rule changes may affect the evaluation, HRM is waiting for these changes before we have the evaluation.” STU would be pleased to have clarification as to whether an actuarial evaluation has in fact been commissioned, especially as an actuarial evaluation is long overdue, the last such evaluation being in 2006, despite the MBF Rules that state that “An actuarial evaluation of the Fund shall be undertaken once every two years.” (Article 5.6)

2. There is a further discrepancy between the General Conference document, which indicates in para. 3 that the “re-constituted Board has been in operation since October 2018” (with Information Circular IC/HR/51 of 17 October 2019) and that of the Executive Board which states, in 207 EX/28.INF item 463, that “the first meeting of the MBF Board was held on 6 September 2018.” As the first meeting of the Board was apparently held before it had been legally constituted, STU is disturbed about this further instance of non-respect of the Rules of the MBF.



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3. Also in para. 3, there is an imprecision in the statement that the Board of Management “has held a General Assembly of Participants”: the Board does not hold the annual General Assembly, but convenes it. In fact, the Board convened both an Extraordinary General Assembly, which had been adjourned since September 2013, and an Ordinary General Assembly, which took place on 14 March 2019. There was unfortunately not sufficient time for a discussion of the full agenda of either Assembly, (there had been no Assembly for six years), including an examination of the External Auditor’s Report and his Recommendations, and apparently not sufficient funds for an adjournment to continue the deliberations to a later date. Nevertheless, the General Assembly formally recommended that (a) the Internal Oversight Service (IOS) conduct a performance audit of the current Claims Administrator, MSH International, within the following six months, and (b) Mercer carry out an actuarial evaluation as soon as possible.

4. STU notes that there has been considerable dissatisfaction with the current Claims Administrator, which, among other matters, has refused to honour Letters of Guarantee to hospitals until the patient has provided it with all his/her medical details – which is unlawful. In addition, MSH International had promised to resolve a difficulty, which had arisen in recent years with the public hospitals of Paris (AP-HP) which would not accept UNESCO Letters of Guarantee. Far from resolving this difficulty, in part attributed to the delays by MSH International in paying its bills, the public hospitals now treat MBF members as non-residents and charge up to 300% more than the normal charge for residents. Apart from this being unjustifiable, especially as retired staff resident in France are taxable, and taxed, this can only increase considerably MBF expenditures, leading to higher contributions of both participants and UNESCO. In consequence, STU urges the Administration to resolve this issue urgently with the host Government.

5. STU is concerned that Recommendation 9 of the External Auditor, about measures to “ensure compliance with the rule prohibiting the granting of exceptions to the MBF Rules” is not being addressed, as HRM notes in 207 EX/28.INF item 471 that “the rules currently do not foresee any derogations.” The External Auditor’s point is that, despite the prohibition in the Rules, exceptions are granted to the Rules. STU trusts this issue will be addressed fully by the MBF Board as soon as possible.

6. As a minor issue, it should be noted that participants in the MBF are “compulsory” (active staff members) and “voluntary” – not “associate” – (retired staff members, and others, e.g. from other United Nations agencies in France).