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FOLLOW-UP TO DECISIONS AND RESOLUTIONS ADOPTED BY THE EXECUTIVE BOARD AND THE GENERAL CONFERENCE AT THEIR PREVIOUS SESSIONS

PART III

HUMAN RESOURCES ISSUES

ADDENDUM

COMMENTS BY THE UNESCO STAFF UNION (STU)

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

1. STU takes note of the reports by the Director-General on (i) the annual report (2013) by the International Civil Service Commission, (ii) the feasibility study on introducing a new health insurance scheme and (iii) the report on staff movements (appointments, transfers, redeployments) and separations.

Part A – Annual report (2013) by the International Civil Service Commission: Report by the Director-General

2. STU follows up very closely with FICSA (the Federation of International Civil Servants' Associations) on the progress of the **comprehensive review of the common system compensation package** as it raises many expectations and concerns from Member States, organizations and staff. This review should, in no case, be driven by the need to respond to short-term needs dictated by time-bound emergencies, such as immediate cost savings and cuts requested by some of the Member States. We believe that a sound methodology, able to anchor the United Nations remuneration package to the reality of the market would be safe enough to ensure that the recruitment and retention of staff be guided by the principles enshrined in the United Nations Charter. The United Nations compensation system has shown a high degree of flexibility in adapting to changes, so we should not consider that every single component needs to be re-built from scratch. Some of them may need refinement and adjustment, but this should still happen within the framework of the solid structure developed so far. Therefore it is extremely important that the staff associations be fully involved in the review and their standpoint be taken into account.

3. As far as the **mandatory age of separation** is concerned, STU considers that the recommendation to align the mandatory age of separation to 65 years for current staff as from

January 2016 (with maintain of acquired rights) is coherent with the need to implement a common approach to separation for all staff serving under the flag of the United Nations. The recommendation is sound from many perspectives: (i) from a demographic point of view, it adjusts the mandatory age of separation in line with most recent estimates of life expectancy adopted by the Pension Fund. In fact, life expectancy is growing in most countries and the experience based on the United Nations population called for an upward adjustment two years ago in the Fund's demographic assumptions. Hence, the ICSC recommendation is sound from an actuarial point of view; (ii) from a welfare perspective, taking into account the ongoing debate in most organizations concerning the After-Service Health Insurance (ASHI), this measure would immediately alleviate the liabilities of the scheme, not to mention the saving deriving from lesser recourse to hiring retirees; (iii) finally, from an HR management perspective, the application of a single mandatory age of separation would definitely enhance the equity, cohesion and the mobility among United Nations agencies, providing to all staff, irrespective of their recruitment date, the possibility of retiring at the same age, to no detriment of their acquired rights at the time of recruitment.

Part B – Feasibility study on introducing a new health insurance scheme

4. The STU is relieved that funds will not be wasted to finance a **study for a new health insurance scheme** that is inimical to the resolution of the real problems of the MBF and the After-Service Health Insurance (ASHI).

5. The STU also endorses the concern expressed about ASHI in Resolution 68/253 at the United Nations General Assembly in December 2013, and it respectfully reminds the Executive Board of Recommendation 6 of the Report of the External Auditor in document 37 C/31 of 30 October 2013 "Financial Report and Audited Consolidated Financial Statements relating to the Accounts of UNESCO for the year ended 31 December 2012, and Report by the External Auditor", in which he "invites the Organization to: (a) consider ways and means of financing the ASHI medium- and long-term liability; (b) conduct studies comparing the financial costs of the current "pay-as-you-go" financing approach with those of all other financing approaches; and (c) set itself an objective timetable for taking a final decision on this important matter."

6. In this context, there is therefore considerable unease regarding a "possible qualified opinion [by the External Auditor] should nothing be decided". (37 C/INF.30, the Oral Report of the Chairperson of the APX Commission). However, with the ever-increasing difficulties of funding for the Organization and the continual leaching of staff and programmes, we may all have to think the unthinkable: that the Organization might be dissolved in the coming years. In which case, the ASHI liability would no longer be a problem of accounting, but an actual liability, needing to be funded by all the Member States.

7. Further, the STU is disturbed that some Members of the APX Commission at the 37th session of the General Conference enquired whether "outsourcing of medical coverage" might be an alternative solution of the ASHI Liability (37 C/INF.30). The various studies undertaken over the past 20 years have concluded that outsourcing medical coverage would be more costly than the current system. Unfortunately, that has not prevented the Organization from indirect privatization (or "privatization through the back door") with the new Rules for the Medical Benefits Fund and the *de facto* governance of the Fund by Deloitte Consulting Firm, which has been contracted to provide services, including "plan administration", for the next two biennia (37 C/38). This has virtually pre-empted implementation of Recommendation 6(b) of the External Auditor, as well as disregarding the resolution passed by the Extraordinary General Assembly of Participants on 4 September 2013 which recommended that "the External Auditor be requested to undertake a full performance audit of the MBF, including its financing, governance and administration, the costs and benefits of the proposed changes, and a review of its own last report, i.e. of 2005" as well as considering that it was "premature to take a decision on the proposed new Rules and governance structure; and decide[d] to adjourn the Assembly until the External Auditor's Report [was] made available to it."

Part C – Staff movements (appointments, transfers, redeployments) and separations

8. STU remains particularly concerned by the numerous staff movements that are taking place prior to the redeployment exercise and would like to bring to the attention of the Executive Board Members the following issues:

- While recruitments to vacant posts should have remained exceptional, reserving these posts for the redeployment exercise, 24 external appointments took place in 2013.

- Internal transfers to “safe posts” are continuing, thereby further limiting the number of vacant posts available for redeployment.

- Direct appointments to vacant posts without the slightest competitive process and in the absence of objective criteria have taken place.

- Some staff members have been promoted or are being proposed for promotion at a time when others are likely to be made redundant – posts are being created especially for specific individuals to protect them, ahead of the overall redeployment process.

- Contract extensions beyond retirement age are continuing, and not only in cases of exceptional need, in particular for high-level (and costly) posts (D+ and ADGs). Despite STU’s numerous requests no justification was provided by the Administration to these extensions.

- The cost and the impact on future staff costs savings of the voluntary separations remain unclear.