

**FFOA/GA/2020/03**

## **PROVISIONAL REPORT**

### **Forty-Ninth Session of the General Assembly**

Wednesday, 29 May 2019 – Auditorium, WFP Headquarters

#### **1. Opening of the Forty-Ninth Session of the General Assembly**

The President of the FFOA, Mr Edward Seidler opened the Session at 9:45 hours, welcoming guests and participants and announcing that interpretation would be in two languages: English and Italian. He also announced that proceedings could be followed via Webcast for those unable to be present in Rome.

#### **2. Establishment of a quorum and announcement of the number of proxies declared valid**

Mr Seidler announced that a quorum was achieved, and nine proxies had been received; thus, all decisions would be binding, including on those members not present. He declared the meeting officially opened and constituted in accordance with the Articles of the Association.



Audience, General Assembly hosted by WFP.

**3. Nomination of Rapporteur, announcement of the Interpreters and the Photographer**

Mr Seidler announced that Ms Mariam Ahmed and Ms Georgia Shaver would serve as Rapporteur for the Provisional Report of the General Assembly; Ms Marta Bochicchio and Maria Rosaria Buri would provide Italian and English interpretation; and Mr Alex Van Arkadie would be responsible for the photography.

**4. Election of the Presiding Officer of the Forty-Ninth Session of the General Assembly**

Mr Bronek Szynalski, former WFP Senior Officer was proposed to act as Presiding Officer to chair the Assembly. He was elected by acclamation and welcomed to the Chair by Mr Seidler. Mr Szynalski said it was an honour and a pleasure to preside over the Forty-Ninth Session of the General Assembly and extended a warm welcome to all members.

**5. Adoption of the Provisional Agenda (FFOA/GA/2019/02)**

As no proposals for changes were received before the deadline of 28 April 2019, the Provisional Agenda was adopted as presented.

**6. Provisional Report of the 48th Session of the General Assembly (FFOA/GA/2019/03)**

The Presiding Officer proposed the adoption of the Provisional Report of the 48th Session of the FFOA General Assembly which had been sent out last Fall to all members with one correction received and approved by email as follows:

**Section 10, paragraph 3 would now read:** “Ms Guseynova said it had been decided that part of the rise in premiums would be offset by money from the profit-sharing account. There was an intervention from the floor which questioned how decisions to raise premiums and use funds of the profits sharing account, which also belonged to staff and retirees were taken without consultation with and input from the staff and retirees. There was no specific reply”.

The Presiding Officer proposed to adopt and the Assembly unanimously approved Resolution A of document FFOA/GA/2019/07/A.

**7. Address on behalf of the Executive Director, World Food Programme (WFP), Mr Manoj Juneja, Assistant Executive Director and Chief Financial Officer (CFO)**

The Presiding Officer welcomed Mr Manoj Juneja to speak on behalf of the Executive Director of WFP.

Mr Juneja expressed regret on the part of the Executive Director, WFP who could not attend in person as he was attending the International Accounting Standards Committee (IASC) Principals meeting in Geneva. He expressed appreciation that the FFOA General Assembly provided an excellent opportunity to share thoughts and discuss issues of common concern for today's and future retirees. He indicated that this was a time of significant growth for the Programme, the revenue for which in 2018 was US\$ 7.2 billion compared to US\$ 5 billion in 2015 reflecting increasing humanitarian needs worldwide and a period of great change for WFP where technological innovation and the growth in cash-based transfers have become a priority allowing WFP to shift its focus to changing lives not just saving lives.

Mr Juneja noted that employees work in difficult conditions, and WFP was moving firmly to a much more people driven approach for beneficiaries and

employees. The Programme's commitment does not end when staff leave but continues through retirement. In order to implement a people focused strategy WFP has devoted more resources to its Human Resources Division establishing a Wellness Division in 2015 and a Wellness Fund, which had been twice replenished by the Executive Board, to improve the conditions of work as health, safety and security. WFP's Duty of Care policy towards its staff and by extension to retirees, is also an integral part of the Corporate Risk Register under the Fiduciary Risk category. He noted that under the organizational profile, there were some features very distinct to WFP. Therefore, WFP had mapped out their staff health risks and assessed them every year, and the assessment clearly showed a greater need for WFP to directly manage its own specific health insurance and social security services, including compensation and pension services which had traditionally been outsourced to FAO. The Programme would now have its own Social Security and Medical Insurance units. For this purpose, WFP needed to improve outreach and face-to-face services for staff geographically distributed throughout the world.

The Social Security outreach related to the medical insurance tender which would be a stand-alone tender, separate from FAO and IFAD as of January 2020. The objective was to seek the appropriate company to provide better service in the field where adequate medical facilities are not always available. Such a move was not driven by the need to achieve savings, and if there were to be savings these would be invested in the improvement of the medical plans. He indicated that under the new scheme WFP retirees would be covered from 1 January 2020 but prior claims would continue to be covered by ALLIANZ. He also noted that WFP would continue to participate in the JAC/MAC to the end of 2021 to allow for the 24 months claim run off period. From 1 January 2020, WFP would then take over the servicing of after service medical claims which would be the beginning of the new contract for which WFP had initiated the tendering process. WFP intended to consult with FFOA and staff representative bodies on both the tender process and content. It was also intended to consult with FFOA and staff representative bodies on establishing a forum for consultation with Management and the Wellness Division on the future administration of the contract. Through these measures WFP will be endeavoring to support the health and wellbeing of its retirees moving forward.

In regard to pension matters, Mr Juneja noted that there had been difficult years in the past for processing benefits; however, after some hard work, he appreciated the improvement in claim management and administration and financial stability of the Fund. He observed that the Fund was in a strongly funded position and an integral part of the pay and benefit scheme of the United Nations system that also determines the competitiveness of the UN system in the international labour market. He noted the new leadership at the helm of the Fund and acknowledged the presence of Messrs Sudhir Rajkumar and Alan Blythe at the Assembly. He expressed his best wishes for the success of the meeting, noting that the collaboration between FFOA and WFP had been excellent. He confirmed that WFP would continue to cooperate with FFOA for the benefit of the retiree community and with the Alumni as well as a source of expertise and advice to cover the skill shortages and to contribute to the work of the organization.



(from left to right) FFOA President Edward Seidler; FFOA GA Presiding Officer Bronek Szynalski; FFOA Vice President Georgia Shaver; WFP Assistant Executive Director and CFO Manoj Juneja; IFAD HR Director Pierre Moreau-Peron.

#### **8. Reply by the Presiding Officer**

The Presiding Officer thanked Mr Juneja for his encouraging remarks and support to the FFOA. On behalf of the FFOA Executive Committee, he thanked WFP for assisting in the printing of the FFOA Newsbrief and other documentation.

The Presiding Officer invited Mr Laurent Thomas Deputy Director-General Operations FAO to speak on behalf of the Director General of FAO.

#### **9. Address on behalf of the Director General of FAO, Mr Laurent Thomas, Deputy Director General, Operations**

Mr Thomas conveyed the Director-General's greetings and best wishes for the success of the meeting. Mr Thomas noted the excellent collaboration with FFOA over the years and indicated that the Association was a valuable partner to provide information and assistance to former FAO and UN staff. He assured the meeting that the FAO Secretariat would do its best to support the FFOA and extend cooperation for the benefit of the retiree community. He noted that the General Assembly was a good opportunity for former UN staff to meet and to discuss issues of common interest. He recalled that FAO and FFOA collaborated on a number of issues of common interest, in particular health insurance and pension matters. In regard to pension matters, he positively acknowledged the FFOA participation in FAO/WFP Staff Pension Committee (SPC). This participation ensures that all issues related to the pension scheme and on disability matters take into account the views and experience of former staff members and help the Committee to take good decisions in the interest of both active and non-active staff members.

Mr Thomas stated that FAO counted on the participation of FFOA in the JAC/MAC that had resumed its work in July 2018. The tender for the new medical insurance contract to start in January 2020 was under preparation and would be issued in June. He expressed regret at WFP's decision not to join in the tendering

process while acknowledging IFAD's decision to join. He noted that collaboration gave more contractual and bargaining power and should result in more competitive premiums. He informed the meeting that a sub working group of the JAC/MAC had been created to work on the tender preparation. In this regard the hard work and active participation of FFOA in this working group was appreciated and the FFOA expertise would be highly valued in the finalization of the tender. Through the JAC/MAC, FFOA would be involved in the next step of the tender. He stated that FAO was committed to provide fair and financially sustainable medical coverage to all active staff and pensioners. He felt he could say the same on behalf of IFAD.

Mr Thomas concluded by thanking the retirees for the contributions made and the continuing interest and support.

#### **10. Reply by the Presiding Officer**

The Presiding Officer thanked Mr Thomas for his supportive remarks and in particular the commitment of FAO to cooperate with FFOA and in appreciating the long-term service of FFOA members. He also thanked FAO for providing office accommodation to FFOA.

The Presiding Officer welcomed Mr Moreau-Peron, Director, Human Resources Division, IFAD and thanked him for agreeing to address the meeting.

#### **11. Address by Mr Pierre Moreau-Peron, Director, Human Resources Division on behalf of the President of the International Fund for Agriculture Development (IFAD).**

Mr Moreau-Peron stated that from the IFAD perspective staff members and retirees compose the whole family of IFAD. He was happy to see retirees who returned to IFAD to work as consultants and hence the boundary line between staff and retirees is not always clear cut.

Mr Moreau-Peron stated that he would touch upon four items: GLADI; BMIP/MMBP tender; Custodial Care; After Service Health Insurance (ASHI) and conclude with some information on IFAD Staff, Human Resource Development and the Medical Service.

In regard to GLADI, he noted that IFAD had renewed the Voluntary Life and Disability Insurance Plan with CIGNA for three additional years until December 2021. It entails some improvements compared to the previous GLADI, such as a reduction in premiums and age coverage for spouses and partners. IFAD was continuing to negotiate with CIGNA for further enhancements that could be implemented as of 2020.

In regard to BMIP/MMBP, Mr Moreau-Peron noted that despite the fact that FAO, WFP and IFAD had a longstanding history of partnering, particularly in insurance and other benefits for more than 40 years, he regretted that the "Sister" agency WFP had withdrawn from the common and joint tendering process for the medical insurance services despite the disappointment expressed and interest from IFAD and FAO. He pointed out that IFAD did not have the same understanding of "family". He was disappointed to have been naïve enough to believe in "delivering as one" and in a united ONE UN. He believed that the fundamental essence of the UN was to be united and noted that his personal disappointment may have had to do with his idealistic approach.

He was aware of WFP's strong field presence, 87% of staff in the field, and that both IFAD and FAO had therefore agreed for WFP to take the lead and take a decision with which IFAD would have agreed and accepted. However, this did not

happen and while before retirees were covered by the same benefits, as of 1 January 2020 the coverage could vary from one organization to another. He added that as a result of this decision, it could be expected that total premiums would significantly increase for IFAD and FAO. The premiums would be higher as a result of not tendering together which was unfortunate for the staff and retirees. The working groups participating in the tender process included representatives of the FAO and IFAD Social Security, the common Procurement team of IFAD and FAO (led by the IFAD Procurement and Insurance Section on the basis of IFAD Corporate Procurement Guidelines), IFAD and FAO Staff Associations, the Chief Medical Advisor and FFOA. The tender was launched on 28 May 2019, and the contract was due to be awarded by the end September 2019 and have a 3-month transition period.

He informed the meeting that IFAD was also doing a tender for consultant medical coverage because currently IFAD uses self-insurance for consultants. Mr Moreau-Peron also referred to custodial care and noted that discussions were underway regarding the non-medical cost for 35 cases (dependents of retirees) amounting to US\$ 1.5 million per year for the three Rome-based agencies (RBAs). So far IFAD has not taken a decision on this matter and is still open to exploring options.

A working group was looking for three possible improvements or new arrangements. The first is to include in the contract the reimbursement of non-medical expenses of custodial care for the mentally disabled dependent children subject to ceilings. The second option is to extend care provision to anyone to include the elderly for which a separate quote would be asked and thirdly to negotiate maintaining existing coverage of legacy cases as a gesture of good will. He noted that there has been no decision on these elements as FAO has their own views as did FFOA.

In regard to the ASHI, Mr Moreau-Peron noted the 5-6 month delay in debiting the premium to IFAD staff as the FAO Shared Services Center (SSC) in Budapest did not do their job in communicating the right information regarding IFAD retirees to Allianz and some staff were not covered for a certain period of time, not informed on time, and therefore medical coverage was denied. He further noted that the premium increase of 1 January 2018 of 4% was not implemented by FAO for 14 months, and FFOA had requested not to charge pensioners the retroactivity. It appeared that FAO reconsidered the matter and informed the retirees accordingly. He stated that IFAD wanted to see the official FAO communication in order to take an appropriate decision regarding IFAD retirees, a matter he had discussed with the President of IFAD, and that the Fund would go with the decision if they could receive the necessary evidence and align in the spirit of Rome-based agency collaboration. However, to date, no official communication has been received from FAO.

Mr Moreau-Peron mentioned that the temporary assignment of a Social Security consultant had been extended and regular pension seminars were being provided. The Mandatory Age of Separation (MAS) of 65 years would become effective as of 1 January 2019 for all IFAD Staff who joined prior to 2014 and a case by case review for all those who were due to retire in 2018 had been completed with extensions granted.

He concluded that IFAD was always happy to discuss matters with FFOA for the wisdom provided.

## **12. Reply by the Presiding Officer**

The Presiding Officer thanked Mr Pierre Moreau-Peron for his intervention and the special attention that had been given to cost containment in the negotiation of the tender for the provision of medical insurance coverage. On behalf of FFOA, the Presiding Officer thanked IFAD for mailing every year the FFOA General Assembly documentation and the Newsbrief.

Following the above presentations, there were interventions from the floor expressing concern that a separate tender would destroy the idea of a United Nations and that the collective negotiating capacity of the Rome-based agencies would be improved if it was based on large numbers. FAO's comment that it regretted, as did IFAD, WFP's decision to go for a separate tender was duly noted. FFOA would continue to work with everyone but it was noted that there were already different premiums among the RBAs and FFOA was concerned about the increase in premiums for the retirees.

The Presiding Officer invited Mr Juneja to respond to the questions/concerns expressed.

Mr Juneja informed that the decision to have a separate tender was submitted twice to the WFP Executive Director to seek his reconfirmation. There had been a lot of reflection and deliberation behind this decision as WFP attached a lot of importance to staff health and wellness issues which it considered a fiduciary duty and duty of care so there were legal implications as well. WFP was the only organization in the United Nations system that regards this as fiduciary duty. WFP's strong field base and hardship faced by the staff called for specific attention to the psychological and medical issues which were distinct from those of FAO and IFAD with a more Headquarters-based approach. Furthermore, in view of its policy of mandatory rotation, service in hardship duty stations during their career meant that quality of coverage was of paramount importance. Financial considerations are important but not as much as quality of coverage.

In regard to the issue of economies of scale and contractual power by working together, these were issues that certainly required further analysis. However, Mr Juneja stated that this was not his understanding that these issues were fundamental to how insurance policies were quoted. This assumption needed to be reviewed. If the three RBAs operated with the same premium there would be differences in the share each organization would pay, as well as a cross subsidy from WFP to FAO to pool resources - US\$ 2.6 million a year due to varying demographics and location - and this was something to be kept in mind.

The Presiding Officer thanked Mr Juneja for his remarks.

The Presiding Officer acknowledged and welcomed the presence of the Director General of ICCROM. International Centre for the Preservation and Restoration of Cultural Property. ICCROM is a UN organization operating in Rome.

## **13. Pension Matters**

The Presiding Officer welcomed Mr Sudhir Rajkumar, Representative of the Secretary General for the UN Joint Staff Pension Fund Asset Investments, UNJSPF and Mr Alan Blythe, Head of the Geneva UNJSPF Office.

### **Mr Sudhir Rajkumar, Secretary General's Representative for the UNJSPF Asset Investment.**

Mr Rajkumar expressed his pleasure at being invited to the FFOA Forty-Ninth

Session of the General Assembly. He recalled that he had participated also last year and would be happy to do so the next year. He stated that these meetings were a great opportunity to communicate directly with the Fund's 207,000 current and future beneficiaries and keep them updated on developments in the UN Joint Staff Pension Fund.

In keeping with the commitment for proactive communication, he provided for the first time ever an initial overview of the Fund's investment results for 2018 within one month of the close of the year on 4 February 2019. This initial overview was posted on both the Office of Investment Management website and the Fund's Secretariat's website and was available there.

Mr Rajkumar then turned to the investment results for 2018 and year-to-date in 2019.

2018 turned out to be a challenging year in the global financial markets. Investment returns for global equities were around minus 8.7%, the worst performance in any year since the Global Financial Crisis of 2008. Investment returns during December 2018 were the worst for that month in any year since 1931.

Despite these challenges and coupled with increasing market volatility, the market value of the Fund's assets remained "Actuarial Asset Value" of US\$ 60.4 billion, at US\$ 60.8 billion. This "Actuarial Asset Value" was used by their Consulting Actuary in their most recent reports to determine that the Fund's financial condition was sound.

Mr Rajkumar underlined that it was important for the Fund's stakeholders, including their 207,000 current and future beneficiaries, to note that estimations of the Fund's financial wellbeing are made by external experts using very conservative assumptions, including smoothing the market value of the Fund's assets over 5 years, which adjusts the expected volatility of global financial markets. He underlined that market volatility was an enduring factor of global financial markets, the market value of the Fund's assets had already bounced back to US\$ 65.9 billion as of a couple of weeks ago.

He was pleased to share with the Assembly that the Office of Investment Management achieved its stated goal of meeting or exceeding the returns of the Policy Benchmark during 2018.

He noted that they continued to exceed by a healthy margin the Long-Term Objective of 3.5% real-(net of inflation) return in US dollar terms over 10 and 15-year periods. He stated that the goal is to fully discharge all their obligations to current and future beneficiaries. Pension payments are made over decades and short-term fluctuations in investment returns do not have a material impact on these pension payments so long as the Long-Term Objective was being met.

Financial markets were likely to be volatile over the near term as they tried to gauge and adjust to future direction of fiscal and monetary policy after a decade of quantitative easing as well as of rising geopolitical risks around the world. However, he noted that the Fund's fully funded status gave a certain amount of cushion to withstand a period of low investment returns. He was confident that the Office of Investment Management would be able to deal with whatever challenges the markets may present with the support and encouragement of their stakeholders.

The floor was opened for questions: on inflation a participant asked if the Pension Fund had penalized the beneficiaries by applying an inflation rate of 2%. Now with the automation and information technology available recalculation of the



inflation rate could be done in a cost-effective manner and reduce the threshold from 2% to 1% which would reduce the impact of inflation on pensions.

Another question was on whether the Fund had any investments in Venezuela with the hyper inflation rate prevalent there.

Mr Rajkumar responded in regard to the question on Venezuela that the Fund had very marginal holdings of Venezuelan Government bonds - around half a million dollars amounting to less than 0.001% of the total assets and invested through a fund aimed at increasing country coverage. He felt fairly comfortable of the Fund's holdings there.

On the cost of living adjustment, Mr Blythe noted that this was quite a cumbersome process. The adjustment system was run by the Cost of Living Unit in the Pension Payment section in New York and they follow assiduously the data provided in the monthly United Nations Bulletin of Statistics, the data of which is provided by the national governments. He also pointed out staff limitations and the need to do a cost benefit analysis of the too frequent adjustments considering which the current threshold appeared to be a reasonable compromise in terms of not doing too frequent adjustments; however, when high inflation does occur, 10% or above, then frequent adjustments are undertaken in those countries.

**Mr Alan Blythe, Director Geneva Office, UNJSPF.**

Mr Blythe noted that his presentation was on behalf of the acting Chief Executive Officer (CEO) of the UNJSPF, Ms Janice Dunn Lee who regrettably could not be present in person owing to a scheduling conflict. Mr Blythe conveyed Ms Dunn Lee best wishes for a successful meeting.

He then presented a power point presentation on behalf of the acting CEO. Since taking office Ms Dunn Lee has defined three major priorities in her mandate:

- Smooth and effective operations;
- Enhanced communications; and
- Strengthen management culture and greater accountability.

Mr Blythe went on to provide some highlights from the General Assembly, an overview of the Fund and an update of the status of the benefit processing process given the controversy of a few years ago and the progress made in that area. Mr Blythe noted that preparations were underway for the next Pension Board meeting, including new member organizations joining, the switch to annual budgeting following the UN model and most importantly the separation of role of the CEO starting in 2020: there will be a Pension Benefits Administrator and a Secretary of the Pension Board defining a major change in the role of the CEO.

A number of significant items were expected to be on the agenda of the next Pension Board meeting in July 2019 in Nairobi. One would be the outcome of the governance working group and another item on the budget defining the terms and assumptions that the actuaries would use in their work. As was mentioned by Mr Rajkumar, it was the long term that mattered, and the Actuaries would do an evaluation of the overall status.

He then provided an overview of the Fund's structure in the last biennium. He noted that given a series of very stringent measures taken in the eighties, at the turn of the century the Fund had a surplus. In referring to longevity, he mentioned that the life expectancy for UN Pensioners was currently 87 years for men and 92 for

women. The other major change was the change in the normal Mandatory Retirement age to 65 which would have a significant impact on the Fund to reverse the negative trend in contributions since 2017 with the Fund experiencing a slight actuarial deficit. Despite variations at the margin (plus or minus 2%) for a benefit paying Fund with a long-term investment perspective, the Fund could be considered financially sound. There were a steady increasing number of participants so that at the end of December 2018 there were 128,000 people. The increasing number of participants also meant increasing liabilities for the Fund. Annual benefits paid at the end of 2018 were US\$ 2.7 billion, slightly more than the US\$ 2.5 billion of contributions, however this was no cause for concern in view of the solid asset base confirmed by the Representative of the Secretary General on Investments.

Mr Blythe noted that we had a maturing Fund with greater client servicing needs and more had to be done to reach out particularly to the older participants. He also informed that they were about to despatch the 70,000 Certificates of Entitlement and he urged that these be signed quickly and sent back to Geneva or New York. He noted that there had been a seven-fold increase in the number of retirees age 70 or older, and they are cognizant of the fact that they may not be capable to look after their own needs. He recalled that due to the introduction of the new accounting system in 2015, there had been significant delays in the benefit processing process in 2015, 2016 and 2017 and which had now been put back on track with an average time lapse of 4-6 weeks with a minimal backlog. He assured of continuous support to the UNJSPF beneficiaries.

In response to a question regarding the time for processing the surviving spouse benefit, which was an issue of major concern, Mr Blythe replied that the surviving spouse benefit issue was a very delicate one to which a lot of importance was attached. The most important advice he could give was to ensure that the Fund be informed immediately. Another suggestion was to use the website which contained booklets on the type of information required - a checklist of documents required. A dossier could be prepared with some of the required documentation (birth certificates, marriage/divorce certificates). In Geneva, retirement briefing were being conducted (including briefings on Surviving Spouse benefits) and, in consultation with FFOA, these could also be organized in Rome.

The Presiding Officer thanked Messrs. Rajkumar, and Blythe for their thorough and informative presentations.

The Presiding Officer welcomed Mr Marco Breschi, President of FAFICS and invited him to inform the Assembly what the FAFICS priorities were in relation to the Pension Fund.

**Statement by Mr Marco Breschi, President, FAFICS.**

At the outset Mr Breschi explained that the acronym FAFICS stood for Federation of Associations of Former International Civil Servants. The programme was to encourage local associations to form a body according to established criteria and every year new countries join, and the present membership is composed of 63 country associations representing UNJSPF beneficiaries (20,000 retirees out of the 70,000 total) around the world.

He presented the highlights of FAFICS' activities conducted since September 2018. FAFICS is the interface between the Pension Fund and the governance structures in New York. It operates by establishing contacts with the Advisory



(from left to right): FAFICS President Marco Breschi; UNJSPF Representatives Alan Blythe and Sudhir Rajkumar; Executive Committee Members, and guests.

Committee on Administrative and Budgetary Questions (ACABQ), the 5TH Committee (which deals with financial matters, including UN pension matters) and frequently contacts member nations in New York with a view to lobbying.

Mr Breschi referred to an audit which was conducted on governance subjects last year by the Office of Internal Oversight Services (OIOS). That audit contained a number of very good recommendations which were overall supported by FAFICS, however, there were a few which FAFICS could not support, the most important related to the election of retiree representatives. FAFICS strongly rejected that the Pension Board should facilitate the direct election of FAFICS representatives as full members with voting rights supposedly to ensure transparent and democratic representation of beneficiaries and their interest. With 70,000 retirees, a direct election did not appear feasible.

FAFICS is not a fully-fledged member of the Pension Board but regularly participates and makes constructive and good suggestions to the work of the Pension Board which are often accepted.

The Pension Board appointed in 2018 a Succession Planning Committee responsible for the recruitment of senior level positions in the Pension Fund, including the selection of the new CEO. Two FAFICS members participated on that committee and the short list of names of candidates is expected to be submitted to the Board in July 2019.

He concluded by reassuring that FAFICS was actively working to defend the interests of the retiree community and expressed the hope that communication would be improved between the retiree associations and the Federation.

#### **14. Health Insurance**

The Presiding Officer informed that under the item on Health Insurance, the Assembly was expecting to listen to a presentation by Mr Fernando Servan, Director, Human Resources, FAO but he had been informed that morning that Mr Servan could no longer attend.

The Presiding Officer therefore invited Dr Sergio Arena Mr to speak under this item.

Dr Arena noted that he could not add more on the tender issue to what had already been said earlier. The tender was ongoing and more information could not be shared as one of the bidders was present in the room. He recalled that the Assembly had heard earlier the reasons for WFP to tender separately, however, at the operational level, WFP would continue collaborating with FFOA and FAO and IFAD. He did not expect a reduction but mostly an improvement in coverage.

The Presiding Officer thanked Dr Sergio Arena, WFP for his intervention.

There was an intervention from the floor regretting that FAO Social Security was not represented. However, the point was made that as we move into a new medical insurance contract, we must maintain or improve benefits even if there is a premium increase. It was recalled that Allianz had tried to cut certain benefits, and this should be avoided. It was also important to avoid conflict of interest between the insurer and the Administrator in the future.

Mr Prien took the floor to express disappointment at the absence of Mr Servan at the last minute and noted that FFOA has continuously requested FAO to convene meetings of the JAC/MAC - the forum where issues, including the one raised (page 14 refers) by participant, Ms Margaret Eldon, on the use of the funds of the Profit Sharing Account (funds which also belonged to staff and retirees) without any prior consultation, needed to be discussed. The JAC/MAC was convened after an absence of two years in July in 2018 and then again in January 2019 after which no further meetings have been held. This underlined the fact that there were major problems with Mr Servan and FAO Social Security. As had been indicated by Ms Eldon, the previous speaker, when it comes to any reserve funds this represented half of our money and we want to see it used properly, and we should be involved in the decision-making process.

Mr Prien also expressed surprise that while FFOA had participated in two WFP-led working groups on medical insurance, he had learned quite accidentally at the Auditors meeting several days prior to the General Assembly that WFP had gone for tender, and he therefore questioned why FFOA had not been involved.

He also referred to the institutional care for mentally disabled persons, especially children. It was absolutely essential that these minimal cases continue to be protected in the future. There were only 35 cases in the whole system, many of them under coverage for a number of years. He noted a lack of sympathy on the part of WFP and had therefore requested a meeting with Mr Juneja on this matter. There was sympathy and understanding from IFAD, and he certainly hoped that WFP would take the same attitude as well.

The meeting was then apprised of a floor resolution tabled by Mr Mauro Pace. Mr Pace provided some background information to the resolution. Mr Pace referred to the 3 April FFOA Coffee morning meeting this year with Mr Servan which had been held in response to messages from FAO Social Security on medical premiums and the confusion that these had created both in terms of the numbers as well as the methodology applied. At this meeting Mr Servan informed that FAO was going to back track on these messages and that the increase would not be applied and that the premiums would be recalculated. He added that all FAO retirees had received a message recently from FAO Social Security which more or less went in that direction without clarifying the process. Therefore, the resolution being tabled was intended

to give a strong signal of disappointment from this Assembly about the way this whole issue has been managed to date. He noted that the absence of Mr Servan or any other FAO representative to this debate was a very telling signal. He was also concerned about some very divisive statements that had been made during the debate. He appreciated the emphasis expressed in the statements by WFP on the duty of care, however, he noted that this was not a unique case. He recalled that the International Civil Service Commission (ICSC) Standards of Conduct note that organizations are bound uniformly to ensure the maximum levels of health, safety and security of their staff irrespective of their mandate and location. Therefore, the standards should be high for all organizations although some organizations may place more weight on this aspect than others. He also pointed to the issue of the cross subsidy across organization, across staff and location. He referred to Mr Juneja having mentioned a figure of US\$ 2.6 million a year of cross subsidy calculated by WFP to FAO. Cross subsidy was the very foundation of any social security scheme and cross subsidy may happen across location, among organizations and between generations and in this sense the fragmentation on the policyholder basis may have a very cost also on those who believe that they have better chances by going on their own. Therefore, another purpose of the draft resolution was to express concern over the fragmentation of the approach which would weaken and reduce bargaining capacity with any insurer. He hoped that there would still be some margin to return to a harmonized approach in dealing with health insurance and that this signal should be sent from this Assembly to the Executive Heads of the Rome-based agencies.

The Presiding Officer noted that as the draft resolution had already been made available at the entrance, and it was assumed that participants had had a chance to read it, he proposed to adopt it by acclamation.

There being no objection from the floor the draft resolution was adopted by acclamation.

Dr Arena took the floor to respond to queries and concerns expressed. He confirmed that in negotiating any tender, it was not intended to go below any existing status; if at all, it would be above the current status. In regard to the level of consultations not only with FFOA but also with the staff representative bodies, Dr Arena believed that despite the JAC/MAC not being held, WFP had always tried to keep staff associations informed on the process and in regard to the current tender WFP had had three consultations with staff associations, including FFOA, and the outcome of the last consultation was that WFP would be launching the tender. Moreover, the staff associations had been given a brief summary of the optional and additional coverage, the details of which he could not provide at this event but the staff associations had been given the list and the final action point had been on how to provide a stable mechanism of consultation which would replace at WFP the JAC/MAC in order to have a constant and regular consultation with all staff associations. A model had been agreed upon and WFP was going ahead with internal consultation with Staff Relation and Legal Offices, and a meeting would soon be called to report on the final outcome.

In regard to custodial care he referred to the perception expressed by some on the lack of sympathy on the part of WFP. Dr Arena assured the Assembly that actually quite the opposite was the case as custodial care was part of the coverage and WFP under the new tender, and after the necessary technical and legal consultations and

financial evaluation, it was being proposed to strengthen this element even further than it had been under the current contract with Allianz.

Ms Margaret Eldon raised the following questions from the floor:

- In regard to the profit-sharing account, it was her understanding that FFOA was informed about the unilateral use of the account but did nothing. As there is a legal question over this matter, she questioned why the Association had not acted?
- In regard to new premiums, she had understood from the last Coffee Morning meeting where Mr Servan had been present that we would all receive a new breakdown of the premiums so that we would all understand the criteria for establishing them by category of beneficiary (single, single plus 1 dependent, etc.). Instead what we had received was an email stating that “Premiums remain as they were prior to 2019, presumably as in 2018, although there could be a slight increase”. She noted that not all retirees were members of FFOA, and the Organization had a responsibility to inform those in the After Service Medical Care Scheme to send this information. She did not think that the email received was sufficient, and she wondered what FFOA’s views were.

Mr Prien took the floor to respond as some of the questions related to the period when he was President of FFOA. He noted that at least once a month he would send a message to Mr Servan requesting him to convene a meeting of the JAC/MAC but never received a reply. When FFOA first heard that the reserve fund (which is half our money) would be used to mitigate price increases in the premium he immediately sent Mr Servan another email asking him to convene a meeting of the JAC/MAC to discuss this issue and yet again no reply. Under these circumstances Mr Prien asked what could be done? Basically, FAO had used US\$ 8 million from the reserve fund to



(from left to right) FFOA General Secretary Angelika Wolf; Executive Committee Member Jamie Wickens; former FFOA President Alan Prien; Executive Committee Member and GA Rapporteur Mariam Ahmed.

mitigate the increase in premiums but in actual fact the entire exercise was muddled and non-transparent and now that the Organizations were going their own way the FAO retirees are in complete chaos as the increases range all over the map. Since FAO does not convene a JAC/MAC to discuss, there was little FFOA could do but Mr Prien assured that FFOA would try again.

Mr John McGhie noted that a lot had been said about FFOA acting on behalf of the pensioners from the three Organizations. This morning we heard that there is a great diversity in how we are treated. He underlined that the Assembly had to give a clear message to FFOA that we simply cannot accept language that was used by the first speaker. The idea that there is a “duty of care” in WFP which is greater than what it is in FAO or in IFAD was totally unacceptable. The member states, who are our final payers, cannot start making a different treatment particularly of the staff of the three Organizations. As pensioners many have spent time in the field, but it was nonsense to pretend that there was only special duty of care relating to WFP which was not equally due to FAO and IFAD staff. He urged FFOA to strive for all pensioners on a united basis. He noted that the WFP decision and the arguments provided to go on a separate tender on the health scheme was most unfortunate. That message had to go back in strong terms to the Administrations of the three RBAs as the reasons given were untenable.

The Presiding Officer requested Dr Arena, WFP, to take note of the sentiments expressed and that FFOA Executive make every effort to ensure that the message is conveyed to the Heads of the three RBA Organizations.

There were another two interventions from the floor expressing their personal frustrations and regretting the attitude of FAO in not responding to queries, and emails on the medical insurance premiums which was considered disrespectful and unprofessional.

#### **15. Statement by the Representative of the Staff Bodies of FAO, WFP and IFAD**

Mr Szynalski invited Ms Susan Murray, General Secretary of the Union of General Service staff, to speak on behalf of the AP-in-FAO, WFP-PSA, the IFAD Staff Association, IFAD-ECSA, and the UGSS.

Ms Murray noted that she was honored to have been invited by FFOA to address the General Assembly. She noted that even though we all came from different organizations, we all share the same vision of united associations that fully represent staff views and safeguard their rights, interests and wellbeing. She noted that the staff representative bodies also work towards building constructive dialogue and respectful partnerships with the administrations of our respective organizations.

Ms Murray noted that this year an issue of particular importance to all has been the medical insurance scheme. She recalled that the current contract with the insurer will finish at the end of this year. FAO and IFAD staff representatives are concerned that WFP has decided to tender independently their new medical schemes and break away from the traditional joint tender, while IFAD, FAO and ICCROM remain together.

She noted that this process, which was ongoing, was not without struggle among all the stakeholders, simply because, inevitably, the result will be higher premiums for staff and retirees in the three agencies. She was certain that our respective administrations would try to contain costs where possible, which may mean a

reduction in some types of coverage. However, the staff representatives continued to be committed to maintaining and improving benefits as much as possible, and, helping to ensure that our Administration acts with reason, and in good faith throughout the process.

Ms Murray stated that the Staff Representative Bodies continued to be concerned by the high use of non-staff contracts, and the negative implications of their long term use, especially on the Pension Fund and hoped that this trend would be reversed to allow for stability and proper conditions of work for the many people who help our organizations achieve their objectives.

She expressed satisfaction that the FAO Council had eventually agreed to the implementation as of 1 July 2019 of the increase to 65 years of the age of mandatory separation for all staff already on board before January 2014. This meant that by this summer, all Rome-based agencies would have implemented the UN General Assembly resolution.

Ms Murray also noted that this year the IFAD Staff Association had evolved from a HQ based association to a global one, Indeed IFAD had gone through a major decentralization reform that resulted in the move of many staff from Rome HQs to 40 offices world-wide; the engagement of the association in representing staff interests in the process had been vital and it is still vital and it is still pertinent as staff are settling down in the country offices. UGSS was also working to include the field General Service staff as regular members.

Ms Murray noted that in FAO the election of the new Director-General was awaited with the hope that it would bring better staff-Management relations and the staff associations were developing policy proposals to discuss with the incoming Administration. In WFP, the staff representatives continue to maintain open dialogue with their Management, which has been particularly important over the past year when the GS recruitment freeze was lifted.

Ms Murray expressed their trust in FFOA to help advocate for fairer and more transparent policies and processes, not only with regard to staff benefits, but also concerning business models to help ensure a more motivated and dedicated work force. She added that our strength did not just multiply when we work together to support each other on matters that affect us, but we become difficult to ignore.

The Presiding Officer thanked Ms Murray for her remarks and reiterated the importance of collaboration with the Staff Associations, and for exchanging views on subjects of common concern and interest. He indicated that FFOA would reciprocate its support for their endeavors which FFOA supported wholeheartedly. He requested stronger collaboration with the FAO Staff representative bodies in working with Management especially on Social Security matters.

Mr Alex Van Arkadie took the floor to express FFOA's appreciation to the Staff Representative bodies of FAO, IFAD and WFP and for the support and stimulus they have always given FFOA and asked for a round of applause.

## **16. Proposal to Amend the Statutes**

The Presiding Officer invited Mr Seidler to introduce the proposal for the Amendment to the Articles of the Association of the FFOA.

Mr Seidler explained that there was a proposal to amend the Articles of the Association of FFOA which was spelled out in the documentation before the Assembly. Essentially the amendment to Article 3 section 2 related to the composition



of the Executive Committee and that the Executive Committee shall consist of 11 members elected by members of the Association for a period of three years. It is proposed to add that each of the major Rome-based organization, FAO, IFAD and WFP must be represented on the Executive Committee by at least one member. This is proposed so that we always have representation of the three main agencies in Rome on the Executive Committee. At the moment, there is a bias for the election of members from FAO because FAO has the largest constituency. The Executive Committee was of the opinion that it is essential that we have full representation of the other two agencies. Mr Seidler noted that as discussions had evolved today, FFOA's role was becoming increasingly complex. As agencies like WFP are splitting off, we shall have as FFOA and our WFP retiree members, the obligation to monitor and interface with WFP, and therefore it was essential to strengthen the representation of WFP on the Executive Committee and also for IFAD. We are looking to increase the membership from WFP and IFAD and FAO as we face increasing challenges.

Considering the above, Mr Seidler requested that the Assembly accept and approve the proposed amendment to the Article of the Association as stated.

The Presiding Officer noted that the General Assembly decided to adopt the resolution **FFOA/GA/2019/07/B** by acclamation.

#### **17. Reports of the Executive Committee**

The Presiding Officer invited Ms Shaver, Vice President of the Executive Committee, to present the Statement of Work achieved during 2018. After the presentation, the Presiding Officer opened the floor for discussions.

As there were no comments, the Presiding Officer proposed the motion to adopt the Statement of Work. The Statement of Work was adopted by resolution **FFOA/GA/2018/06/C**.

The Presiding Officer requested Ms Shaver to provide any updates to the 2018 Statement of Work.

Ms Shaver informed the Assembly that in addition to the information contained in the document on the *Statement of Work*, she wanted to provide some highlights from 2018. She noted that FFOA was proud that our former General Secretary Mr Marco Breschi was elected President of FAFICS. Ms Shaver also noted that FFOA continues to actively participate in all events and on committees that deal with and discuss pension matters such as the Annual Pension Board and the Staff Pension Committee.

In regard to the medical premium, FFOA members were informed about the increase at the end of the year and FFOA had initiated discussions with the agencies about the tender renewal process.

She informed that elections had been held. Seventeen candidates had presented themselves for 11 seats. The voting turnout had been strong. The new Executive Committee was announced, and she congratulated Mr Edward Seidler as the new FFOA President for the next three years.

The accounting system had been upgraded to a full-fledged double entry approach and the new reports had been provided for this Assembly.

Ms Shaver noted that there had been a slight decrease in membership although FFOA's efforts to get colleagues to enrol in the pre-retirement seminar had been positive. Ms Shaver stated that the 2019 priorities for FFOA would be participation in the tender process for the new medical contract for all three organizations which

was currently ongoing as well as communicating with the membership on the results and impact, if any – similar to FFOA involvement 5 years ago when we moved from Van Breda to Allianz. FFOA would continue to work to get the JAC/MAC up and running again. FFOA would continue to monitor the Italian fiscal situation and would take a more proactive approach to increasing the number of FFOA member from WFP and IFAD. The Association would also remain actively engaged with the Pension Fund and the Staff Pension Committee. Finally, FFOA has decided to digitalize their filing system, update the website and look into using social media platforms.

#### **18. Reports of the Association’s Financial Transactions (FFOA/GA/2019/07)**

The Presiding Officer requested the Treasurer, Mr Gianni Monciotti, to present the Financial Reports for 2019 and the proposed budget for 2020.

Mr Monciotti, indicated that in the certification of the accounts the reviewers Messrs John McGhie and David Baugh had not found anything wrong in the drafting of the financial statement. The current Statement is slightly different than that of last year. The first page is a list of income and expenditures and in this regard, he wished to highlight one item as requested by the auditors, the deficit of Euro 8,381.49. This deficit was not due to bad management but due to payments made for expenditures carried out in the previous year and payments made to professional services which incurred in 2017 as well as social activity expenses incurred due to the hosting of the FAFICS Council meeting and public relations. He thanked the Allianz representative for co-sponsoring the lunch for the FFOA General Assembly last year and also this year.

In regard to the second page relating to the balance sheet which shows the financial resources of FFOA or the assets, he noted the volatility of the investments and a reserve account for the “rainy days”. FFOA was not too keen on investments as the proposals made by investors had poor interest returns. Mr Monciotti referred to the liabilities vis-à-vis our members and noted the legal and professional fees that had been paid for 2017 invoices. He noted that included in the assets of Euro 82,000 were Euro 58,000 made up of resources saved from life time members. Mr Monciotti also referred to the Membership Defence Fund, the purpose of which was to stimulate the generosity of the members in favour of those who have had to face hardship and have had to appeal on legal issues. He regretted to note that the amount received had been poor thus far and he hoped more money would be raised.

In conclusion, the Treasurer proposed the reconfirmation of Messrs John McGhie and David Baugh as reviewers of the accounts for 2019. Mr Monciotti stated that the proposed budget for 2020 was the same as for 2019.

The Assembly unanimously approved the financial reports and the proposed Reviewers - John McGie and David Baugh for 2019 along with the adoption *en bloc* of draft resolutions **FFOA/GA/2019/07/D, E, F and G**.

To conclude, it was noted that membership retention was a problem. Some members join and then stop paying their contributions. There was a question from the floor on the members that wish to convert their annual into life membership, and how this could be done. Mr Monciotti replied that one formula could be to consider the fees already paid and then pay the remaining amount to total 15 years. For example, after the 10th year you would need to pay Euro 125.

## 19. Other Business

As no further proposals for other business were received from the members, Mr Szynalski handed the meeting over to the President of the FFOA. Mr Seidler noted that this had been a challenging Assembly and was a reflection of the challenges that FFOA has been facing and is expected to continue to face in the coming years. The Association would therefore need the support of all its membership as well as new members and looked to existing members to convince their colleagues, especially those overseas to join the Association. FFOA provides information services to all our members but this is especially important for those further afield. Mr Seidler encouraged all members to update their email addresses and inform the FFOA office of their correct address to ensure improved communication. He referred to the Membership Defence Fund established last year and noted that a flyer regarding the Fund, its objectives and how to contribute to it had been distributed at the entrance. Mr Seidler underlined that we were facing challenging times, and in certain cases, we could be confronted by attempts by certain organizations to limit the benefits relating to retirees. Mr Seidler noted that FFOA would need to challenge these moves in that we either take legal advice on the issue or go for an appeal. It was therefore important that we had the necessary financial backing to seek the appropriate legal advice. He referred to the ad hoc increase by FAO on the premium increases solely applied to FAO retirees in an unfair and haphazard way without engaging in any dialogue. FFOA challenged this including through seeking a legal opinion on the legality of the action which then resulted in FAO backtracking on its unilateral decision as there was no legal justification for their introducing ad hoc premium increase for retirees.

Mr Seidler referred to an updated *Before and After* document, so survivors knew what they have to do to receive benefits. This document was produced by the Internal Affairs Committee of FFOA. Ms Seidler renewed the pledge that the Association continued to work for all members and reminded participants that they could contribute to the Old Folks Home organized by Alan Prien and John McGhie.

## 20. Closure of the Forty-ninth Session of the General Assembly by the President of the Executive Committee

Mr Seidler thanked Mr Szynalski for acting as the Presiding Officer and ably chairing the Assembly, the two interpreters, Mr Alex Van Arkadie, the FFOA in house photographer, all participants and the agency representatives for their presentations and all participants for their confidence in and support for the FFOA Executive Committee. Mr Seidler hoped to maintain a collaborative relationship with our sister associations representing the staff associations in FAO, WFP and IFAD, and looked forward to working together in tackling the issues that we are all facing in improving and sustaining the employment, benefits and conditions which affect staff and retirees.

Mr Seidler reminded members of the informal information session that afternoon on issues of concern to members. The session would include a presentation by Allianz, a Wellness presentation by Professor Francesco Falez, Centro Diagnostico Ostiense on Bone Issues as well as a presentation by the FAFICS, President, Mr Marco Breschi on After Service Medical Coverage within the whole UN system and a briefing on issues regarding medical insurance, and one by John Levins,



Chairman of the Pension Committee on the sustainability of the Fund and future trends, closing with a presentation by Dino Salvi, FFOA, on Internal Affairs issues.

A moment of silence was then held to honour serving and retired UN Staff who had passed away during the year, recalling the loss of 19 lives in the Ethiopian Airlines disaster.

Mr Seidler, President of the FFOA, closed the Assembly at 13:15 hours.

The Assembly was followed by a lunch jointly sponsored by Allianz and FFOA.

### **The Fifty Session of the General Assembly**

will take place on

Wednesday, 27 May 2020

at IFAD Headquarters starting at 09:45 hours

So plan ahead, mark this date in your calendar  
and bring this report with you.