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**INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS**

Geneva

**CONSULTATIVE COMMITTEE****Ninetieth Session  
Geneva, October 28, 2015**

## FINANCING OF LONG-TERM EMPLOYEE BENEFITS

*Document prepared by the Office of the Union**Disclaimer: this document does not represent UPOV policies or guidance*

1. The purpose of this document is to report on developments with regard to financing of long-term employee benefits.

## BACKGROUND

2. The background with regard to financing of long-term employee benefits is provided in document CC/89/3 "Financing of long-term employee benefits".
3. At the eighty-ninth session of the Consultative Committee, the Delegation of the European Union noted the progress made within the World Intellectual Property Organization (WIPO) and the United Nations (UN) with regard to financing of long-term employee benefits. At the same time, it emphasized the need for UPOV to work in parallel with WIPO and requested clarification on the timeline.
4. The Controller clarified that the terms of reference of the Working Group of the UN CEB Finance and Budget Network (FBN Working Group) were divided into five sections, as follows: for the first two sections, the working group was under a commitment to report to the UN General Assembly in September 2015; as explained in document CC/89/3 "Financing of long-term employee benefits", this work is being supported by a specialized consultancy firm, tasked with the delivery of a study to analyze commonalities and differences in the UN system approach to the definition, funding and management of the After-Service Health Insurance (ASHI); the third and fourth sections would be worked on in 2016, and the fifth section, which concerned the financing of the ASHI liabilities, had fallen under the responsibility of the common treasury group to look at treasury matters. The Controller concluded that at least the work concerning three of the five sections of the terms of reference were expected to come to a conclusion by the end of 2015.
5. The Secretary-General confirmed that the FBN Working Group was working on the review for the whole UN system and noted that UPOV's financing system was similar to those of other international organizations that were the subject of that exercise within the high level committee on management.
6. The Consultative Committee noted the developments reported in document CC/89/3 and that any new developments with regard to FBN Working Group would be reported to the Consultative Committee at its ninetieth session, to be held in October 2015 (see document CC/89/11 "Report on the Conclusions", paragraph 21).

## DEVELOPMENTS

7. The FBN Working Group is currently focused on the first two sections of its terms of reference, which are as follows:

- A) Cost analysis and administrative arrangements – a comprehensive understanding of the main cost drivers of the ASHI, the landscape of different service providers, and the potential for alternative arrangements, greater harmonization, and greater efficiency.
- B) UN System ASHI Framework – an analysis of the pros and cons of a centrally managed UN common system entity to manage ASHI, including the option of a direct United Nations Joint Staff Pension Fund (UNJSPF) role, as well as other possible options.

8. During 2015 the FBN Working Group has held several video conferences and two workshops, and has also prepared a comprehensive and extensive survey which has been sent to 28 UN agencies. A second follow-up survey was also sent to agencies to ensure that a complete set of data would be available for detailed analysis. Throughout this work the FBN Working Group has been assisted by a specialized consultancy firm.

9. Based on preliminary analysis of the data from the first set of surveys, some potential strategic levers were identified for possible future cost containment. These strategic levers will be the subject of further detailed review by the FBN Working Group, and include the use of national health plans by eligible retired staff, collective negotiations (with healthcare providers, insurance providers, third party administrators and network providers), and periodic independent underwriting reviews to control insurance premiums.

10. The FBN Working Group identified other areas to ensure improved understanding of ASHI liabilities in the UN system going forward. With the aim of achieving greater comparability between UN system organizations, these include establishing a common approach to determining ASHI liability valuation factors, and developing an agreed process and format for gathering and maintaining data on ASHI benefits and liabilities.

11. A working meeting was also held with the UNJSPF. It was clarified that the UNJSPF does not have the existing capabilities or experience to carry out ASHI business processes. There is also no possibility to leverage UNJSPF data or software/administrative systems. The infrastructure created by the UNJSPF is very specific to the management of pension benefits and related funds. The intersection of the population served by the UNJSPF and the population covered by ASHI, while significant, is not complete.

12. For the remainder of 2015, the FBN Working Group will continue its work on the first two sections of its terms of reference. It is scheduled to complete its report on these sections to the UN General Assembly in November or early December 2015. The Working Group will also begin addressing the remaining sections of its terms of reference.

13. *The Consultative Committee is invited to:*

*(a) note the developments reported in this document; and*

*(b) agree that any new developments with regard to the Working Group of the UN CEB Finance and Budget Network be reported to the Consultative Committee at its ninety-first session, to be held in Geneva on March 18, 2016.*

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