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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

Geneva

CONSULTATIVE COMMITTEE**Eighty-Ninth Session
Geneva, March 27, 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 new developments with regard to financing of long-term employee benefits.

BACKGROUND

2. At its eighty-seventh session, held in Geneva on April 11, 2014, the Consultative Committee considered document CC/87/8 "Financing of long-term employee benefits". The Consultative Committee noted that the UN System CEB High-Level Committee on Management (HLCM) had identified the need to assess the possibility of a common approach to After-Service Health Insurance (ASHI) within its Priority Issues for the period 2013-2016, which referred to both the management of funds and the financing of liabilities. It was noted that the CEB Finance and Budget Network had established a working group (FBN Working Group) to analyze and report on the possible approaches to funding and managing ASHI liabilities. The working group was expected to present its conclusions in October 2014 (see document CC/87/10 "Report on the Conclusions", paragraph 41).

3. The Consultative Committee agreed to the postponement of the discussion on financing of long-term employee benefits until the conclusions of the FBN Working Group became available. It agreed to consider the establishment of a UPOV working group at that time (see document CC/87/10 "Report on the Conclusions", paragraph 41).

4. At its eighty-eighth session, held in Geneva on October 15, 2014, the Consultative Committee considered document CC/88/3 "Financing of long-term employee benefits". The Consultative Committee recalled the intervention made by the Delegation of the European Union on the financing of long-term employee benefits and the report made by the Controller on the FBN Working Group under item 8 "Financial Management Report". The Consultative Committee noted that any new developments with regard to financing of long-term employee benefits would be reported to the Consultative Committee at its eighty-ninth session, in March 2015 (see document CC/88/16 "Report on the Conclusions", paragraphs 36 to 38).

DEVELOPMENTS

5. The FBN Working Group felt that in order to conduct a value-adding study and to identify actionable items, the support of a specialized consultancy firm would be required for the analysis of a number of complex items described under its own Terms of Reference. A project proposal was endorsed by the HLCM

Finance and Budget Network, including input from the Human Resources (HR) Network, the United Nations Joint Staff Pension Fund (UNJSPF) and the Federation of Associations of Former International Civil Servants (FAFICS) for this study. The total project cost is estimated to be a little over USD 223,000, of which USD 200,000 will be consultancy fees.

6. The goal of the study is to “analyze commonalities and differences in the UN system approach to the definition, funding and management of the ASHI (After-Service Health Insurance) from a comprehensive perspective to inform on-going discussions and identify actions which could engender more efficient and effective common approaches, noting the different business models, funding sources and demographics within the UN System.” Deliverables were defined as follows:

“1. A comprehensive understanding of the main cost drivers of the ASHI and of the landscape of different service providers and the potential for alternative arrangements and for greater harmonization and greater efficiency.

“2. An analysis of the pros and cons of a centrally managed UN common system entity to manage ASHI, including the option of a direct UNJSPF role, as well as other possible options. The analysis will include, inter alia, the design of the medical insurance schemes, procurement of the insurance-related services, administration of the schemes, including the relationship with the participants, and the human resources, financial and legal implications of such options.”

7. Funding for the study was unanimously endorsed by the HLCM Steering Committee from the Harmonization of Business Practices Trust Fund and the UN Secretariat will now proceed to contract the consultancy firm. Governance arrangements for the project are the following:

- 1) Lead Agency: UN Secretariat as Chair of the FBN Working Group, in liaison with the CEB Secretariat.
- 2) Project Management Team: will be composed of members of the UN Secretariat, and will be responsible for the implementation of the project.
- 3) Project Steering Team (PST): will be led by the UN Secretariat, which will be also the custodian of the Project funds. The PST will be chaired by the ASHI Working Group Chair, and composed of the HLCM-FB Network Co-chairs (United Nations Development Programme (UNDP) and World Health Organization (WHO)), the HLCM Secretary, a representative of the HR Network, a representative from the UNJSPF, a representative from FAFICS, and the Food and Agriculture Organization of the United Nations (FAO), World Food Programme (WFP) and World Intellectual Property Organization (WIPO) as volunteered representatives of Organizations participating in the ASHI Working Group. The PST will ensure that the project is following the established strategic directions and that it is delivering on time and within the established budget, discussing issues and adjustments as needed. The PST will ensure proper communication towards key stakeholders and will advocate for support as required.

8. The Consultative Committee is invited to note the developments reported in this document and that any new developments with regard to the working group of the UN CEB Finance and Budget Network will be reported to the Consultative Committee at its ninetieth session, to be held in October 2015.

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