



15 March 2019

Statement on ASHI by FAFICS President, Mr. Marco Breschi

Madam Chair, Distinguished Members of the Fifth Committee,

It is an honour for me to address this prestigious Committee today. As the elected President of the Federation of Associations of Former International Civil Servants (FAFICS), representing the interests of all retirees of the United Nations common system organizations, I wish to express our sincere gratitude for this opportunity to present the FAFICS position on managing After-Service Health Insurance (ASHI).

Please allow me to recall that health insurance currently covers approximately 67,000 retirees and their qualified dependents. Insured retirees, as significant financial contributors to ASHI, have a legitimate, material interest in participating actively in all discussions and reviews of ASHI arrangements, which is why retirees appreciate and have been active members in the Working Group process.

With the final report now before you, we bring to the attention of Member States, our views and concerns on health insurance matters. I would like to highlight that the report before you has not been endorsed by the Working Group, but is the Secretary-General's report. Nevertheless, FAFICS was pleased to have participated in the Working Group and supported most of its conclusions. An important exception is the proposal for a new entitlement accrual mechanism, paragraphs 38 to 41 of A/73/662, including new eligibility criteria, because it would place an additional financial burden on future retirees. We observe that the ACABQ is not convinced of the entitlement accrual mechanism as presented. In addition, both FICSA and CCISUA joined FAFICS in not supporting the proposed entitlement accrual mechanism.

Part VII of the Secretary-General's Report under the heading, *Funding of the after-service health insurance liability*, recommends in paragraphs 55 – 82 that measures be taken to phase out the pay-as-you-go financing and to replace it by pay-as-you-accrue financing. While FAFICS recognizes that the proposals relate only to the UN Secretariat, it supports them as a matter of principle which should guide the entire common system.

We are concerned that the ACABQ does not support the financing recommendations as summarized in the Executive Summary (e) to (g) of the Report of the Secretary-General (A/73/662). As a result, the common system remains exposed to growing risks of significant unfunded liabilities which range from \$8.8 billion upwards, as shown in paragraph 64 of the Secretary-General's Report (A/73/662).

Madame Chair, on behalf of the entire Federation, I wish to thank you and to reassure you that we stand ready to assist the Committee in reviewing this important topic.