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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
Geneva

CONSULTATIVE COMMITTEE

**Ninety-First Session
Geneva, March 17, 2016**

FINANCING OF LONG-TERM EMPLOYEE BENEFITS

Document prepared by the Office of the Union

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1. The purpose of this document is to report on developments and to present proposals 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 documents CC/87/8 and CC/89/3 both entitled "Financing of long-term employee benefits".
3. The Consultative Committee, at its ninetieth session, held in Geneva on October 28 and 29, 2015 considered document CC/90/2 "Financing of long-term employee benefits" (see document CC/90/19 "Report on the Conclusions", paragraphs 33 to 37).
4. In response to a request from the Delegation of the European Union for the Office of the Union to make proposals for the financing and containment of After-Service Health Insurance (ASHI) liabilities prior to the conclusion of the Working Group of the UN CEB Finance and Budget Network, the Office of the Union recalled that, in April 2014, an initial proposal had been made to set up a separate bank account for the ASHI funds (see document CC/87/8 "Financing of long-term employee benefits"). However, the Consultative Committee had agreed at that time to postpone discussions until the conclusion of the UN CEB Finance and Budget Network became available.
5. The Consultative Committee agreed to invite the Office of the Union to present proposals for the financing and containment of ASHI liabilities at its ninety-first session, to be held in Geneva in March 2016. The Consultative Committee agreed that the proposals by the Office of the Union should take into account the work of WIPO and also the results of the Working Group of the UN CEB Finance and Budget Network.

DEVELOPMENTS

6. Since the ninetieth session of the Consultative Committee, the Working Group of the UN CEB Finance and Budget Network completed its Report.
7. The Report and recommendations of the Working Group of the UN CEB Finance and Budget Network are presented in the United Nations document A/70/590 "Managing after-service health insurance liabilities Report of the Secretary-General" (Report), also available at http://www.un.org/ga/search/view_doc.asp?symbol=A/70/590&referer=/english/&Lang=E

8. Document A/70/590 will be considered under agenda item 134 "Proposed programme budget for the biennium 2016-2017" during meetings at the seventieth session of the United Nations General Assembly, which is held in New York from September 15, 2015, to September 12, 2016.

9. If available, a report on developments concerning the consideration of document A/70/590 by the United Nations General Assembly will be made to the Consultative Committee at its ninety-first session.

PROPOSALS

10. The Consultative Committee, at its ninetieth session, agreed to invite the Office of the Union to present proposals for the financing and containment of ASHI liabilities at its ninety-first session, to be held in Geneva in March 2016. The Consultative Committee agreed that the proposals by the Office of the Union should take into account the work of WIPO and also the results of the Working Group of the UN CEB Finance and Budget Network" (see document CC/90/19 "Report on the Conclusions", paragraph 36).

Containment

11. In recognition of the administrative efficiency of any UPOV measures being consistent with WIPO measures, it is proposed to present to the Consultative Committee any plans of WIPO on possible measures, which would be developed with due consideration for the measures developed by the Working Group of the UN CEB Finance and Budget Network.

12. *The Consultative Committee is invited to note that, with regard to possible measures for the containment of after-service health insurance liabilities, in recognition of the administrative efficiency of any UPOV measures being consistent with WIPO measures, it is proposed to present to the Consultative Committee the plans of WIPO on this matter, which would be developed with due consideration for the measures developed by the Working Group of the UN CEB Finance and Budget Network.*

Financing

13. In 2013, WIPO decided to establish a separate bank account to hold funds allocated for financing WIPO's ASHI liability (see document CC/87/8 "Financing of long-term employee benefits", paragraphs 16 to 18).

14. Since the 2006-2007 biennium, the UPOV program and budget has included a charge to cover payments for long-term employee benefits. The charge has been 6 per cent of payroll costs, except for the 2008-2009 biennium, in which it was 3 per cent.

15. Under the current arrangements, this 6 per cent charge is used to cover long term employee benefits such as ASHI payments, accumulated annual leave and repatriation grant, with any balance remaining as a provision on UPOV's balance sheet. This balance has effectively been funded by the budget but has not actually been paid out in cash terms. The money therefore remains available for investment and to cover ASHI obligations, which are represented by the provision on the balance sheet. The proposal therefore is to put this cash in a separate UPOV bank account available for investment. The same investment policy that WIPO applies to the funds set aside for financing its ASHI liability would be applied to the UPOV bank account.

16. For illustrative purposes, the Consultative Committee may wish to note that in the 2012-2013 biennium, the 6 per cent charge totaled 192 thousand Swiss francs, of which 61 thousand Swiss francs was paid out during the period. The remaining balance of 131 thousand Swiss francs was charged to UPOV's budget and increased the provisions for ASHI obligations on UPOV's balance sheet. The total provision as at the end of the 2012-2013 biennium was 665 thousand Swiss francs.

17. On the above basis, the Consultative Committee is invited to recommend to the Council the establishment of a separate UPOV bank account to hold funds allocated for financing UPOV's ASHI liability and that the amount represented by the provisions for ASHI obligations at the end of the 2014-2015 biennium, together with the balance from the 6 per cent charge after deduction of the respective biennium's payments, if any, be transferred to that account starting from the 2016-2017 biennium and to

apply to that account the investment policy that WIPO applies to the account for financing WIPO's ASHI liability.

18. The Consultative Committee is invited to recommend to the Council the establishment of a separate UPOV bank account to hold funds allocated for financing UPOV's ASHI liability, as set out in paragraph 17 of this document.

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