



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

# **Update on Transition Options Project (TOP)**

*Fifteenth Board Meeting  
Geneva, 25-27 April 2007*

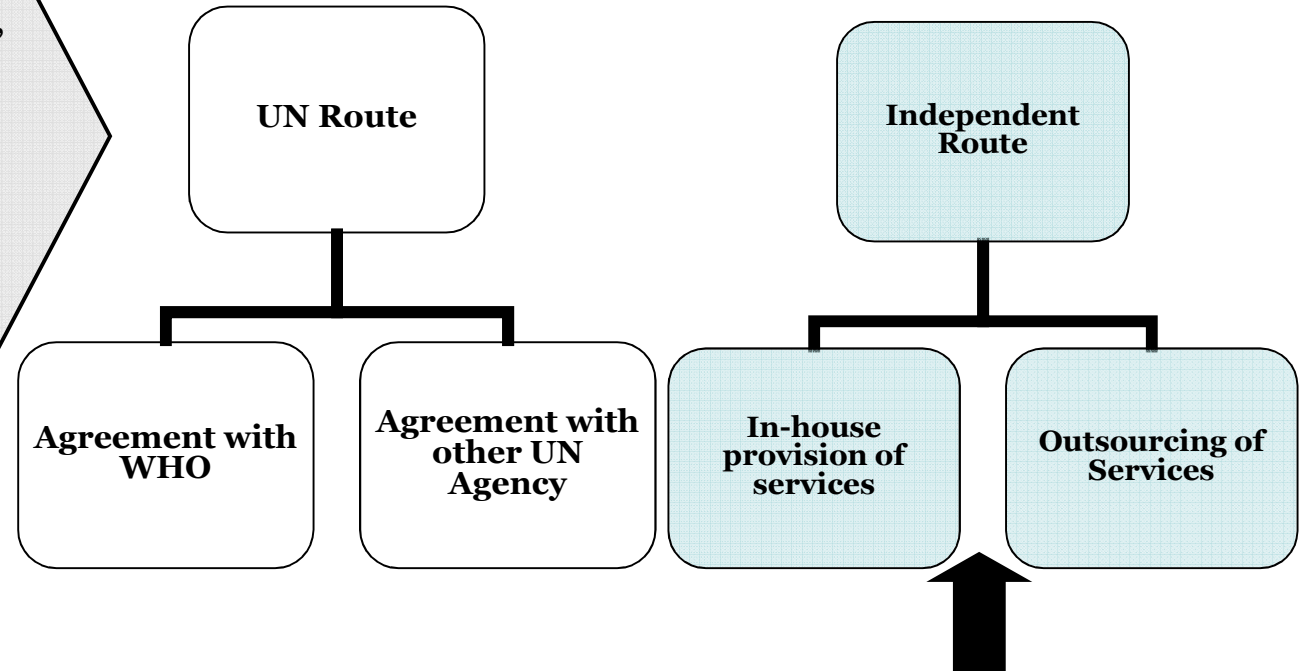
# September 2006 FAC Recommendation to the Board

**1**

At the September 2006 FAC, the Board was asked to consider: “advantages and disadvantages” of alternative arrangements to the ASA with WHO.

**2**

The FAC was presented the following two options:



**3**

The FAC recommended that the Fund pursue the Independent Route

## At the November 2006 Board, it was agreed to:

**1**

**Engage in the necessary preparations to discontinue the present Administrative Services Agreement (ASA) with WHO**

**2**

**Provide a detailed plan**

**3**

**Include proposed measures to be taken prior to termination of the ASA, their costs, and the timeline over which they are intended to occur**

**4**

**Take steps that would safeguard the interests of staff**

**5**

**Make final decision at the April 2007 Board meeting**

# Progress Since the November Board Meeting

**1**

**Engaged consultants from actuarial firms, insurance brokerage firms, security and travel companies, and Information Technology Systems specialists to provide the Secretariat with the costs and timeline for the transition.**

**2**

**Gathered statistical data on Global Fund recruitment, travel, taxable income, compensation & benefits packages, and other related information, such as Staff Council reports, staff survey results, future needs forecasting and space planning.**

**3**

**Conducted meetings with the UNJSPF and ICSC in New York to discuss pension options.**

**4**

**Met with representatives from the Swiss Mission to discuss the Headquarters Agreement with the Swiss Federal Council.**

**5**

**Held information sessions for all staff on the issues of travel security and pension benefits, as well as open house Q & A sessions.**

**6**

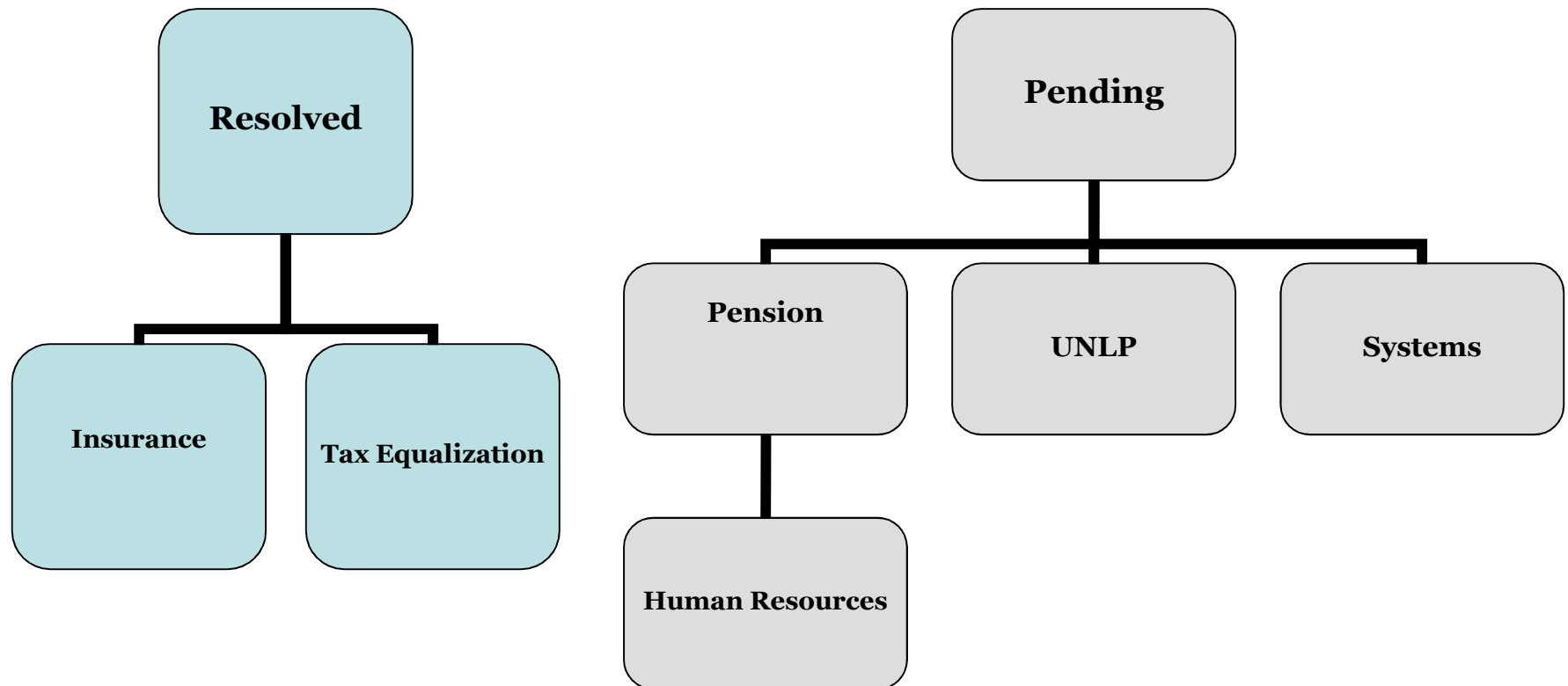
**Developed internal website accessible by all staff on the TOP**

**7**

**Held all staff open house Q & A with the FAC**

# Issues: Resolved and Pending

**Based on the analysis and recommendations provided by the consultants, the following transition issues were identified. Some are resolved, and some require further research.**



# Pending: United Nations Joint Staff Pension Fund (UNJSPF)



OPTION	ISSUES	RECOMMENDATION
<b>A: Remain with UNJSPF</b>	<b>The UNJSPF requires its members to be recognized as international organizations.</b>	<b><u>Pursue Option A:</u></b>  <b>1. Setting up a new pension scheme could result in a financial loss to the organization of up to 10 million USD in the transfer of funds.</b>  <b>2. Given the eligibility challenges, the Fund should pursue membership in the following manner:</b>  <b>1 Send a letter of intent in May 2007 to start membership application procedures.</b>
	<b>Following discussions with legal representatives from the UNJSPF, the Secretariat was advised that the Fund, because of its constitutional structure as a Swiss Foundation, may not be eligible for membership in the UNJSPF in its own right.</b>	
<b>B: Establish a new pension scheme</b>	<b>If the Global Fund does not acquire membership in the UNJSPF, it will need to establish its own pension scheme.</b>	<b>2 Continue negotiations with UNJSPF management in New York.</b>

# Pending: Human Resources

ISSUES	BENEFITS OF NEW HR APPROACHES
<p><b>Membership in the UNJSPF requires compliance with UN Common System grading and pay scales.</b></p>	<ul style="list-style-type: none"><li>• <b>One staff principle (no separation between professional and general staff)</b></li><li>• <b>Decentralized job evaluation system</b></li><li>• <b>Broad-banded salary structure</b></li></ul>
<p><b>If TGF fails to acquire membership in the UNJSPF, TGF could leave the UN common system and implement new HR approaches.</b></p>	<ul style="list-style-type: none"><li>• <b>Performance Pay</b></li><li>• <b>Increased opportunities for wide-based recruitment</b></li><li>• <b>Strategic review of its hiring goals and its main characteristics as an employer</b></li></ul>

# Pending: United Nations Laissez Passer (UNLP)

ISSUES	RECOMMENDATION
<p><b>1</b></p> <p><b>Staff with particular nationalities would not be able to receive visas to certain countries. This may impact the Fund's business travel and recruitment.</b></p>	<ul style="list-style-type: none"> <li>•Purchase a Travel Management Package (TRM) with the same firm used by UN agencies for security</li> <li>•Explore bilateral agreements with countries</li> </ul>
<p><b>2</b></p> <p><b>Losing benefits of being a part of the 'UN' family</b></p>	

**Many staff believe loss of the UNLP will negatively impact travel and security, and cannot be replaced by a TRM package.**





## RECOMMENDATION

**TGF can obtain a total insurance package covering all the risks and benefits presently covered under the WHO policy at no additional cost to the organization.**

# Resolved: Tax Equalization

ISSUES	RECOMMENDATION
<b>1</b> <b>Cross-border staff (residing in France)</b>	<b>Reimbursement for a max of 3 years, plus a one time moving expense</b>
<b>2</b> <b>Nationals of Countries applying Worldwide Taxation</b>	<b>Reimbursement for the life of their employment with the Fund</b>
<b>3</b> <b>Swiss nationals residing in Switzerland</b>	

# Resolved: Information Systems

ISSUES	RECOMMENDATION
<b>1</b> WHO has decided to replace their existing information systems with an enterprise resource package (Global Services Management).	Facilitate the transition to this system, to be launched in early 2008.
<b>2</b> Concurrently, the Fund should prepare to replace the administrative systems offered by WHO.	Define a timeline to implement and operate an internal integrated IT System.

# Summary Cost Table

SUMMARY COST TABLE (in millions of US\$)			
INDEPENDENT ORGANIZATION WITH MEMBERSHIP IN UNJSPF	TOTAL	TOTAL	INDEPENDENT ORGANIZATION WITHOUT MEMBERSHIP IN UNJSPF
<b>One-Time Cost</b>			
Systems	2.5	2.5	Systems
Tax Equalization (French residents) (3 years + relocation)	3.2	3.2	Tax Equalization (french residents) (3years + relocation)
Transfer of Funds	0	10.0	Transfer of Funds
Set up new pension fund	0	0.2	Set up new pension fund
<b>One-Time Cost Total</b>	<b>5.7</b>	<b>15.9</b>	<b>One-Time Cost Total</b>
<b>Annual Costs</b>			
Pension Fund Administration	0.2	0.2	Outsourcing Cost
Systems maintenance administration	1.2	1.2	Hardware, Software, payroll, training
Tax Equalization (Swiss & US nationals)	0.2	0.2	Direct reimbursement
Security & Travel	0.4	0.4	TRM package, plus visa costs
Additional Staff	1.1	1.1	7 additional positions @ 150,000USD
Consultants	0.4	0.4	Ongoing consultancy support
<b>Annual Cost Total</b>	<b>3.5</b>	<b>3.5</b>	<b>Annual Cost Total</b>
Less: ASA Annual Cost	-1.9	-1.9	2007 WHO pricing
<b>Incremental Annual Cost Total</b>	<b>1.6</b>	<b>1.6</b>	<b>Incremental Annual Cost Total</b>
<b>Year 1: Total Cost</b>			
<b>7.3</b>		<b>17.5</b>	

# Other Considerations

Since the Board decision, there have been several developments that should be considered in the development of next steps:

**1**

**WHO Enterprise Resource Planning Package**

**2**

**Norwegian Government proposal for a  
« UN Business Park for Global Health Initiatives »**

**3**

**Swiss Government suggestion for a  
« non-UN Business Park for Global Health Initiatives »**

# Work to be done until November 2007 Board

- 1** Further consider pension options by starting application process to the UNJSPF for consideration by the General Assembly in December 2007.
- 2** Prepare to launch Request For Proposals (RFP) process for:
  - insurance brokers
  - security and travel companies
  - international tax firms (set up internal taxation system)
- 3** Conduct further research on the travel practices of other international organizations with heavy travel statistics that operate without the use of the UNLP.
- 4** Investigate feasibility of negotiating bilateral agreements.
- 5** Prepare to migrate onto the WHO's Global Services Management System (GSM), and concurrently prepare for the RFP process to select an IT team to develop and implement an independent information system.
- 6** Communicate new developments to staff.
- 7** Monitor progress on the Business Park concept.

# April 2007 Decision Points

- 1** The Board notes the progress made to date, and authorizes the Secretariat, under the oversight of the FAC, to proceed with the negotiation and costing of the remaining alternative administrative arrangements as described in detail in the report.
- 2** The Board agrees upon the recommendation of the FAC that the most beneficial arrangement for providing pension services to the staff is to negotiate membership in its own right of the United Nations Joint Staff Pension Fund (UNJSPF). The Board recognizes the need to provide support to these negotiations.
- 3** The Board requests the FAC to present the final fully costed implementation plan at its Sixteenth Board Meeting.

# Decision Point

## Decision Point:

1. The Board notes the progress made to date, and authorizes the Secretariat, under the oversight of the FAC, to proceed with the negotiation and costing of the remaining alternative administrative arrangements as described in detail in the report.
2. The Board agrees upon the recommendation of the FAC that the most beneficial arrangement for providing pension services to the staff is to negotiate membership in its own right of the United Nations Joint Staff Pension Fund (UNJSPF). The Board recognizes the need to provide support to these negotiations.
3. The Board requests the FAC to present the final fully costed implementation plan at its Sixteenth Board Meeting.