



General Assembly

Distr.: General
30 April 2020

Original: English

Seventy-fifth session

Item 141 of the preliminary list*

Proposed programme budget for 2021

Proposed programme budget for 2021

Part X

Jointly financed administrative activities and special expenses

Section 32

Special expenses

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* [A/75/50](#).

** In keeping with paragraph 11 of resolution [72/266 A](#), the part consisting of the post and non-post resource requirements is submitted through the Advisory Committee on Administrative and Budgetary Questions for the consideration of the General Assembly.



Proposed post and non-post resource requirements for 2021

Overview

- 32.1 Under section 32, Special expenses, resources are provided to cover specific expenditure requirements for: (a) contributions to after-service health insurance; (b) compensatory payments; (c) general insurance charges; (d) bank charges; and (e) pension payments to former Secretaries-General. The proposed regular budget resources for 2021, including the breakdown of resource changes, as applicable, are reflected in table 32.1.

Table 32.1

Financial resources

(Thousands of United States dollars)

	Changes							2021 estimate (before recosting)	Recosting	2021 estimate (after recosting)
	2019 expenditure	2020 appropriation	Technical adjustments	New/ expanded mandates	Other	Total	Percentage			
Other staff costs	67 522.6	71 725.5	–	–	(96.4)	(96.4)	(0.1)	71 629.1	3 349.8	74 978.9
Non-staff compensation	580.3	584.3	–	–	(194.8)	(194.8)	(33.3)	389.5	11.3	400.8
Consultants	204.9	242.5	–	–	–	–	–	242.5	4.6	247.1
Contractual services	6.9	25.6	–	–	–	–	–	25.6	–	25.6
General operating expenses	3 645.9	3 585.7	–	–	127.4	127.4	3.6	3 713.1	244.8	3 957.9
Fellowships, grants and contributions	0.4	–	–	–	–	–	–	–	–	–
Total	71 960.9	76 163.6	–	–	(163.8)	(163.8)	(0.2)	75 999.8	3 610.5	79 610.3

- 32.2 Additional details on the distribution of the proposed resources for 2021 are reflected in tables 32.2 and 32.3 and figures 32.I and 32.II.
- 32.3 As reflected in table 32.2 (1), the overall resources proposed for 2021 amount to \$75,999,800 before recosting, reflecting a net decrease of \$163,800 (or 0.2 per cent) compared with the appropriation for 2020. Resource changes result from the factor “other changes” and relate to the decrease in requirements for pension payments to former Secretaries-General, for compensatory payments and for bank charges, partially offset by the increase in requirements for general insurance.

Table 32.2
Evolution of financial resources by component

(Thousands of United States dollars)

(1) Regular budget

	2019 expenditure	2020 appropriation	Changes					2021 estimate (before recosting)	Recosting ^a	2021 estimate (after recosting)
			Technical adjustments	New/ expanded mandates	Other	Total	Percentage			
A. Contributions to after-service health insurance	66 415.2	70 439.7	–	–	–	–	–	70 439.7	3 329.5	73 769.2
B. Compensatory payments	1 319.5	1 528.3	–	–	(96.4)	(96.4)	(6.3)	1 431.9	24.9	1 456.8
C. General insurance	3 476.0	3 354.6	–	–	141.9	141.9	4.2	3 496.5	244.8	3 741.3
D. Bank charges	169.8	256.7	–	–	(14.5)	(14.5)	(5.6)	242.2	–	242.2
E. Pension payments to former Secretaries-General	580.3	584.3	–	–	(194.8)	(194.8)	(33.3)	389.5	11.3	400.8
Subtotal, 1	71 960.9	76 163.6	–	–	(163.8)	(163.8)	(0.2)	75 999.8	3 610.5	79 610.3

^a The recosting amount for contributions to after-service health insurance is based on projected medical inflation rates of 5.02 per cent for the United States of America, 3.74 per cent for the eurozone and 3.68 per cent for Switzerland for 2021 using the actuarial valuation of the end-of-service and post-employment benefits schemes as at 31 December 2018.

(2) Other assessed

	2019 expenditure ^b	2020 estimate	2021 estimate
A. Contributions to after-service health insurance	10 546.3	11 013.4	11 294.1
Subtotal, 2	10 546.3	11 013.4	11 294.1

^b The amount of \$10,546,300 includes \$5,234,300 reflected under support account and \$2,809,700 apportioned among nine peacekeeping operations, and \$2,502,300 deferred to the 2019/20 peacekeeping period under the support account (see [A/74/622](#)).

(3) Extrabudgetary

	2019 expenditure	2020 estimate	2021 estimate
A. Contributions to after-service health insurance	5 153.4	5 751.2	5 881.8
Subtotal, 3	5 153.4	5 751.2	5 881.8
Total	87 660.6	92 928.2	96 786.2

Figure 32.I
Distribution of proposed resources for 2021 by component

(Millions of United States dollars)

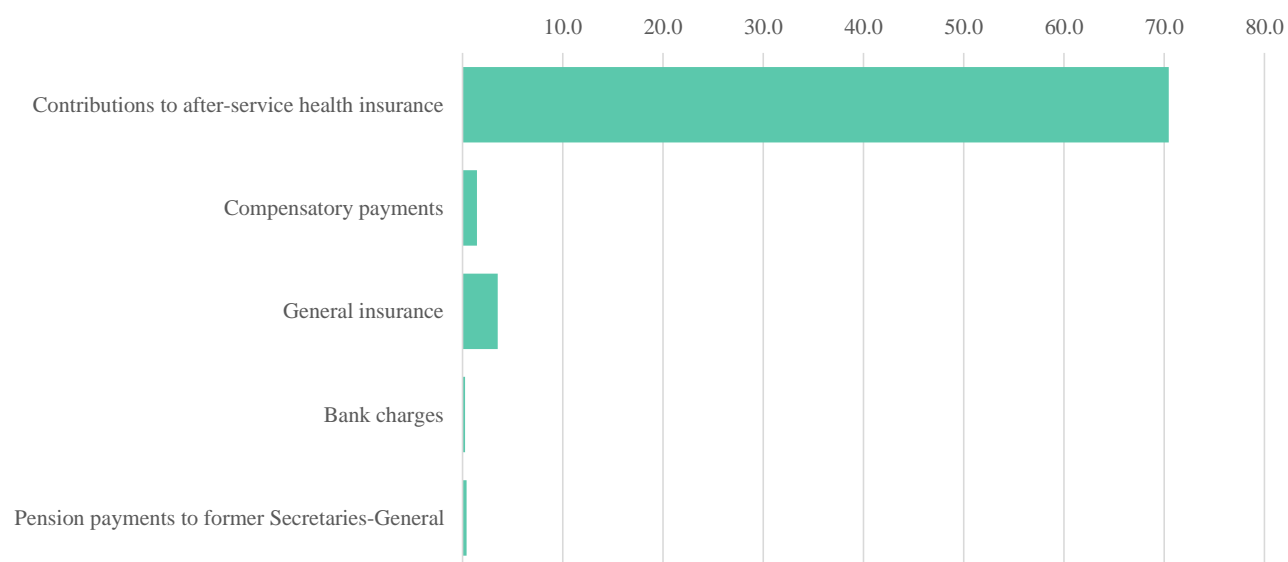


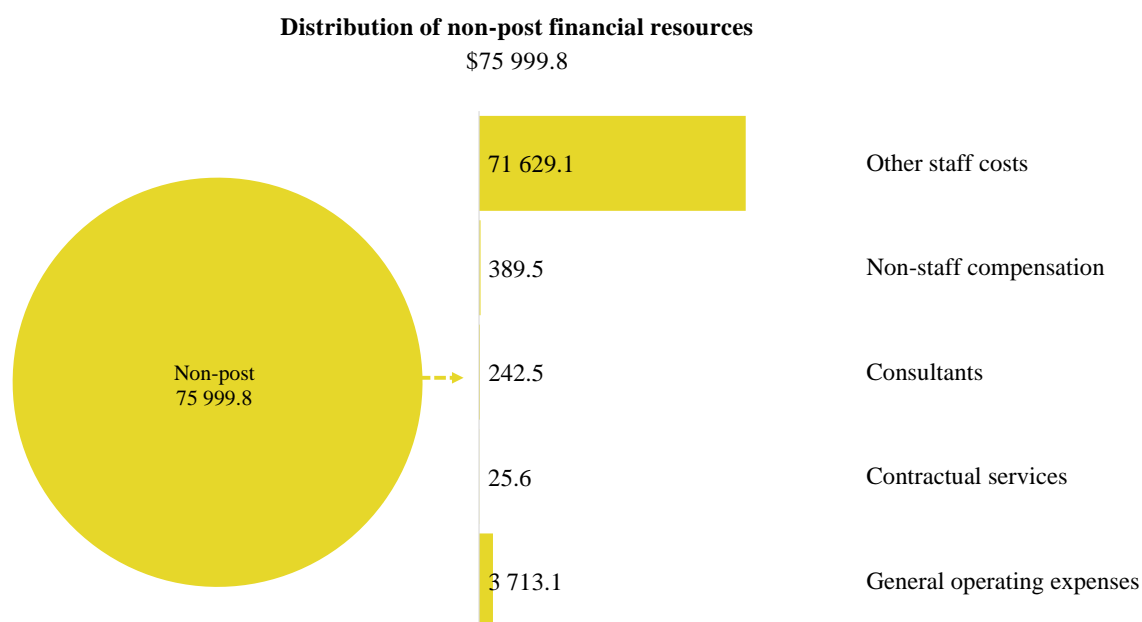
Table 32.3
Evolution of financial resources by main category of expenditure

(Thousands of United States dollars)

	2019 expenditure	2020 appropriation	Changes					2021 estimate (before recosting)	Recosting ^a	2021 estimate (after recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage			
Non-post	71 960.9	76 163.6	–	–	(163.8)	(163.8)	(0.2)	75 999.8	3 610.5	79 610.3
Total	71 960.9	76 163.6	–	–	(163.8)	(163.8)	(0.2)	75 999.8	3 610.5	79 610.3

^a The recosting amount for contributions to after-service health insurance is based on projected medical inflation rates of 5.02 per cent for the United States, 3.74 per cent for the eurozone and 3.68 per cent for Switzerland for 2021 using the actuarial valuation of the end-of-service and post-employment benefits schemes as at 31 December 2018.

Figure 32.II
Distribution of proposed resources for 2021 (before recosting)
 (Thousands of United States dollars)



Variance analysis by component

Overall resource changes

Other changes

- 32.4 As reflected in table 32.2 (1), resource changes reflect a net decrease of \$163,800. The main reasons for the resource changes are as follow:
- (a) **Compensatory payments.** The decrease of \$96,400 under other staff costs reflects a decrease in the anticipated number of claims and amounts for compensatory payments based on the actual experience of 2018 and 2019;
 - (b) **General insurance.** The increase of \$141,900 under general operating expenses reflects the actual expenditure experience;
 - (c) **Bank charges.** The decrease of \$14,500 under general operating expenses reflects the average actual expenditure experience of 2018 and 2019;
 - (d) **Pension payments to former Secretaries-General.** The decrease of \$194,800 under non-staff compensation reflects the provision of pension payments to one former Secretary-General in 2021 compared to two former Secretaries-General in 2020.

Other assessed and extrabudgetary resources

- 32.5 As reflected in table 32.2 (2), the estimated other assessed resources for contributions to after-service health insurance for 2021 amount to \$11,294,100. The increase reflects the higher number of retired peacekeeping personnel anticipated to enrol in after-service health insurance plans as reflected in the report of the Secretary-General on the budget for the support account for peacekeeping operations for the period from 1 July 2020 to 30 June 2021 ([A/74/743](#)).

- 32.6 As reflected in table 32.2 (3), the estimated extrabudgetary resources for contributions to after-service health insurance amount to \$5,881,800, reflecting an increase of \$130,600 compared with the estimate for 2020. The increase is due to medical inflation projected for 2021.

A. After-service health insurance

- 32.7 The after-service health insurance programme extends health-care benefits under the United Nations insurance schemes to eligible retirees and their eligible dependants. Coverage is provided on a shared-contribution basis in accordance with a decision taken by the General Assembly at its twenty-first session. Coverage is also provided to staff members whose appointments are terminated as a result of disability. In all cases, coverage is available only to those who are eligible to receive a periodic benefit from the United Nations Joint Staff Pension Fund or under the rules governing compensation for service-incurred death, injury or illness. In accordance with Assembly resolution [38/235](#), the maximum cost-sharing ratio is 2 to 1 between the organization and the participant.
- 32.8 By its resolution [40/258 A](#), the General Assembly decided to extend after-service health insurance coverage to former locally recruited staff who had participated in the medical expense assistance plan under appendix E to the Staff Rules of the United Nations.
- 32.9 By its resolution [61/264](#), the General Assembly approved changes to the after-service health insurance provisions for new staff members recruited on or after 1 July 2007. Under the terms of that resolution, following retirement, staff members are eligible for cost-sharing of after-service coverage if they have participated in a United Nations-system contributory health insurance plan for a minimum of 10 years at the time of retirement. Staff members recruited before 1 July 2007 who have participated in a United Nations contributory plan for at least five years are also eligible, provided that they pay the full premium for the period for which their participation falls short of the 10-year requirement for cost-shared participation.
- 32.10 Since the inception of the after-service health insurance programme in the United Nations, the programme has grown in terms of both the number of participants and the related cost. Since 1999, the increase in enrolment has been steady and has demonstrated a tendency to accelerate, owing to the ageing population of subscribers. The high level of medical inflation in the United States, especially in the New York area, drives prices for health services that underlie the premium rates applicable to the plans administered at Headquarters. Although average premium costs per participant vary among different insurance plans and in terms of the costs experienced in different countries in the recent past, the overall market trends for medical insurance premiums have been upward. In many locations, increases in the medical inflation rate outpace those in general inflation. In 2021, the medical inflation rates are projected to be 5.02 per cent for the United States, 3.74 per cent for the eurozone and 3.68 per cent for Switzerland on the basis of the actuarial valuation of the end-of-service and post-employment benefits schemes as at 31 December 2018.
- 32.11 The General Assembly, in its resolution [64/241](#), requested the Secretary-General to submit to it at its sixty-seventh session a report on managing after-service health insurance liabilities, bearing in mind that the “pay-as-you-go” principle was one of the viable options. The Assembly also requested the Secretary-General to continue to validate the accrued liabilities with the figures audited by the Board of Auditors and to include that information and the outcome of the validation in the requested report. The report of the Secretary-General on managing after-service health insurance liabilities ([A/68/353](#)) was submitted to the Assembly at its sixty-eighth session. The Assembly, in its resolution [68/244](#), endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions on the continuation of the pay-as-you-go approach to the funding of the after-service health insurance liabilities. It also requested the Secretary-General to examine the option of broadening the mandate of the United Nations Joint Staff Pension Fund, to include the cost-effective, efficient and sustainable administration of after-service health insurance benefits, taking into account the advantages and disadvantages of that option, including its financial and legal implications, and to report thereon at the seventieth session of the Assembly, as well as to undertake a survey of current health-care plans for active and retired staff within the United Nations system, to explore all options

to increase efficiency and contain costs and to report thereon at its seventieth session. In his report on managing after-service health insurance (A/73/662), largely informed by the work of the inter-agency Working Group on After-Service Health Insurance, the Secretary-General continued to appraise the Assembly of the work undertaken in response to its request. In its most recent resolution on managing after-service health insurance (resolution 73/279 B), the Assembly endorsed the recommendations contained in the report of the Advisory Committee (A/73/792), including that the Secretary-General further explore options for the improvement of efficiency and the containment of costs, including liabilities associated with current and future staff, with a view to reducing the Organization's expenditure on health insurance plans and its after-service health insurance obligations, and requested the Secretary-General to report to the Assembly at its seventy-fifth session.

- 32.12 The proposed regular budget resources for 2021 amount to \$70,439,700 and reflect no change in the resource level compared with the appropriation for 2020. Additional details on the distribution of proposed resources for 2021 are reflected in table 32.4 and figure 32.III.

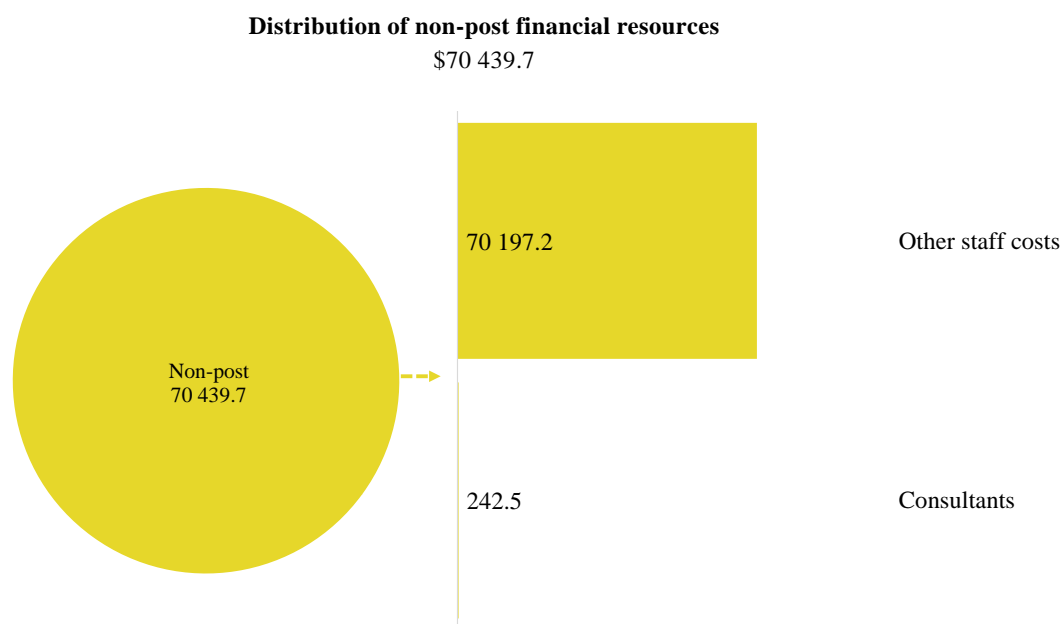
Table 32.4
After-service health insurance: evolution of financial resources

(Thousands of United States dollars)

	2019 expenditure	2020 appropriation	Changes					2021 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage	
Non-post	66 415.2	70 439.7	–	–	–	–	–	70 439.7
Total	66 415.2	70 439.7	–	–	–	–	–	70 439.7

Figure 32.III
After-service health insurance: distribution of proposed resources for 2021 (before recosting)

(Thousands of United States dollars)



B. Compensatory payments

- 32.13 The requirements under compensatory payments provide for compensation to members of commissions, committees or similar United Nations bodies in the event of death, injury or illness attributable to service with the United Nations. The responsibilities of the United Nations in this area, as well as the rules governing compensatory payments, are detailed in Secretary-General's bulletin [ST/SGB/103/Rev.1](#).
- 32.14 Compensation is also provided to staff members or their dependants in the event of death, injury or illness attributable to the performance by the staff member of official duties on behalf of the United Nations. The compensation is governed by the specific rules under appendix D to the Staff Regulations and Rules of the United Nations ([ST/SGB/2018/1](#)).
- 32.15 The costs incurred on both those accounts may include monthly survivor benefits for life, monthly disability benefits for life, lump-sum indemnities for permanent disabilities, funeral expenses, sick leave credit and medical expenses.
- 32.16 The proposed regular budget resources for 2021 amount to \$1,431,900 and reflect a decrease of \$96,400 compared with the appropriation for 2020. The proposed decrease of \$96,400 is explained in paragraph 32.4 (a). Additional details on the distribution of proposed resources for 2021 are reflected in table 32.5.

Table 32.5

Compensatory payments: evolution of financial resources

(Thousands of United States dollars)

	2019 expenditure	2020 appropriation	Changes					2021 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage	
Non-post								
Other staff costs	1 319.2	1 528.3	–	–	(96.4)	(96.4)	(6.3)	1 431.9
Fellowships, grants and contributions	0.4	–	–	–	–	–	–	–
Total	1 319.5	1 528.3	–	–	(96.4)	(96.4)	(6.3)	1 431.9

C. General insurance

- 32.17 The provisions under general insurance relate mainly to insurance on the buildings and property at Headquarters as well as at Addis Ababa (the Economic Commission for Africa), Santiago (the Economic Commission for Latin America and the Caribbean) and Beirut (the Economic and Social Commission for Western Asia). The United Nations Offices at Geneva, Vienna and Nairobi, as well as at Bangkok (the Economic and Social Commission for Asia and the Pacific), separately maintain property and liability coverage for their offices locally. General insurance also covers automobile liability insurance at Headquarters, liability insurance for aircraft used for travel by the Secretary-General but not owned by the United Nations, and insurance for other air travel of staff. In addition, in accordance with General Assembly resolution [41/210](#), the United Nations has established a self-insurance plan for general liability risk in respect of acts occurring in the Headquarters district in New York. The provisions also cover a stand-alone insurance policy for acts of terrorism, which, following the events of 11 September 2001, was established effective 2003 as a result of limitations in the scope of insurance coverage for risks, such as acts of terrorism that would normally have been covered under the general policies.
- 32.18 The robust outreach initiatives continued to encourage additional markets to bid for coverage of the United Nations' risks. Some limitations in the scope of insurance coverage, however, continue to be

prevalent. Two such examples are the flood coverage restrictions introduced in the wake of storm Sandy in New York, and the continued requirement for specific insurance for acts of terrorism that were covered under the general policies before the events of 11 September 2001. Actual premiums will also be driven by the United Nations claims experience of 2019 and 2020, and by the general state of insurance markets at the time of the renewal of the policy. Insurance premiums are affected by the loss history, market conditions and capacity, that is, the number of underwriters in the marketplace willing to insure the risk at the time of renewal. The insurance marketplace evolves constantly on the basis of global economic conditions and natural and human-made disasters or regulatory requirements, and insurers' perception of specific risks related to the United Nations. At present, the actual premium for insurance policies renewed in 2020 is higher than the premium for those policies in 2019.

- 32.19 The proposed regular budget resources for 2021 amount to \$3,496,500 and reflect an increase of \$141,900 compared with the appropriation for 2020. The proposed increase of \$141,900 is explained in paragraph 32.4 (b). Additional details on the distribution of proposed resources for 2021 are reflected in table 32.6 and figure 32.IV.

Table 32.6

General insurance: evolution of financial resources

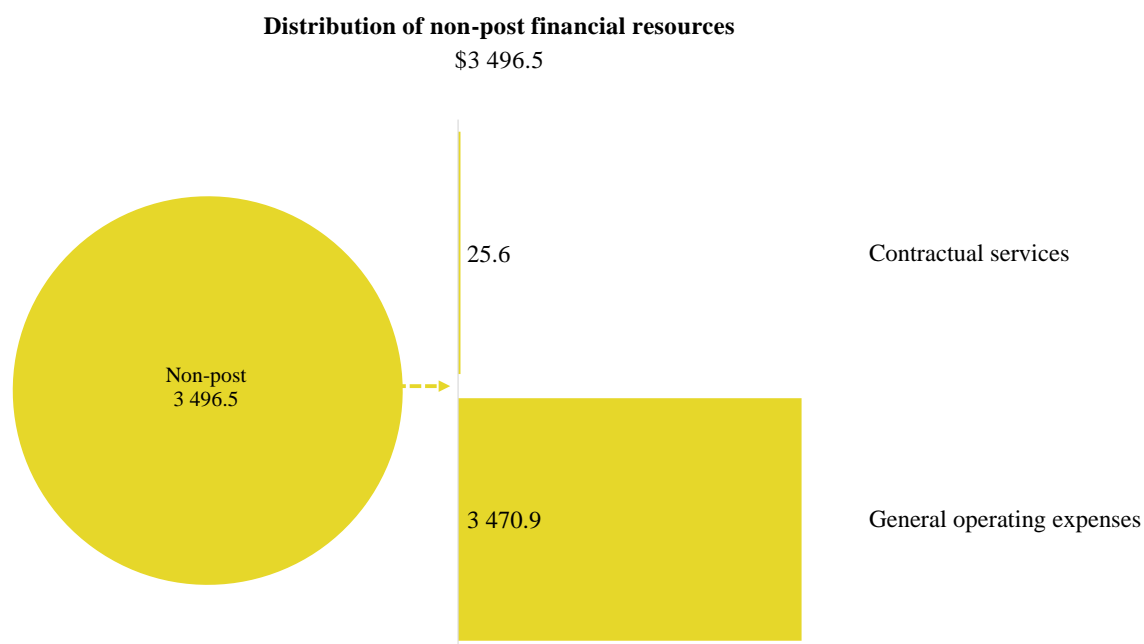
(Thousands of United States dollars)

	2019 expenditure	2020 appropriation	Changes				Total	Percentage	2021 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other				
Non-post	3 476.0	3 354.6	–	–	141.9		141.9	4.2	3 496.5
Total	3 476.0	3 354.6	–	–	141.9		141.9	4.2	3 496.5

Figure 32.IV

General insurance: distribution of proposed resources for 2021 (before recosting)

(Thousands of United States dollars)



D. Bank charges

- 32.20 The bank charges include fees for account maintenance, electronic fund transfers and all other services provided by banks.
- 32.21 The proposed regular budget resources for 2021 amount to \$242,200 and reflect a decrease of \$14,500 compared with the appropriation for 2020. The proposed decrease of \$14,500 is explained in paragraph 32.4 (c). Additional details on the distribution of proposed resources for 2021 are reflected in table 32.7.

Table 32.7

Bank charges: evolution of financial resources

(Thousands of United States dollars)

	2019 expenditure	2020 appropriation	Changes					2021 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage	
Non-post								
General operating expenses	169.8	256.7	–	–	(14.5)	(14.5)	(5.6)	242.2
Total	169.8	256.7	–	–	(14.5)	(14.5)	(5.6)	242.2

E. Pension payments to former Secretaries-General

- 32.22 This component covers the retirement allowances for a former Secretary-General and for the widows of two former Secretaries-General at the half rate for the annual period, on the basis of the maximum retirement benefit payable as from 1 February 2020.
- 32.23 The proposed regular budget resources for 2021 amount to \$389,500 and reflect a decrease of \$194,800 compared with the appropriation for 2020. The proposed decrease is explained in paragraph 32.4 (d). Additional details on the distribution of proposed resources for 2021 are reflected in table 32.8.

Table 32.8

Pension payments to former Secretaries-General: evolution of financial resources

(Thousands of United States dollars)

	2019 expenditure	2020 appropriation	Changes					2021 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage	
Non-post								
Non-staff compensation	580.3	584.3	–	–	(194.8)	(194.8)	(33.3)	389.5
Total	580.3	584.3	–	–	(194.8)	(194.8)	(33.3)	389.5