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Items 137 and 138 of the preliminary list*

Proposed programme budget for 2020

Programme planning

Proposed programme budget for 2020

Part X

Jointly financed administrative activities and special expenses

Section 32

Special expenses

Contents

	<i>Page</i>
Proposed post and non-post resource requirements for 2020**	2
Overview	2
A. After-service health insurance	4
B. Compensatory payments	7
C. General insurance	7
D. Bank charges	9
E. Pension payments to former Secretaries-General	9

* [A/74/50](#).

** 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.

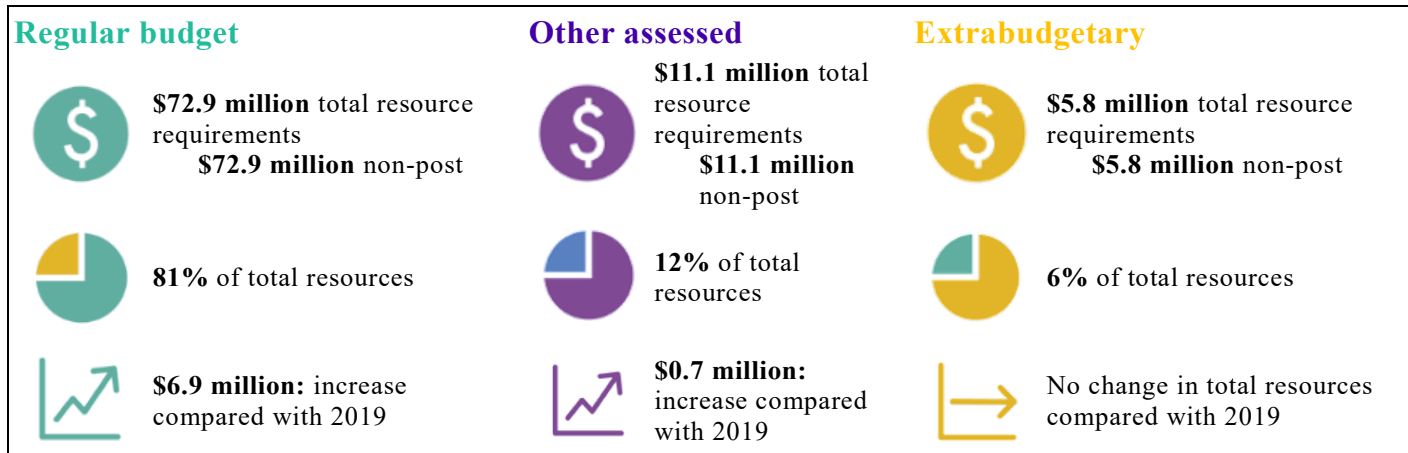


Proposed post and non-post resource requirements for 2020

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 total resource requirements for 2020, comprising the regular budget and projected other assessed and extrabudgetary resources, are reflected in figure 32.I and table 32.1.

Figure 32.I
2020 in numbers



Note: Estimates before recosting.

Table 32.1
Overview of financial resources by component and funding source
 (Thousands of United States dollars)

	<i>Regular budget</i>			<i>Other assessed</i>			<i>Extrabudgetary</i>			<i>Total</i>		
	<i>2019 appropriation</i>	<i>2020 estimate (before recosting)</i>	<i>Variance</i>	<i>2019 estimate</i>	<i>2020 estimate</i>	<i>Variance</i>	<i>2019 estimate</i>	<i>2020 estimate</i>	<i>Variance</i>	<i>2019 estimate</i>	<i>2020 estimate</i>	<i>Variance</i>
A. Contributions to after-service health insurance	60 054.8	67 139.5	7 084.7	10 448.8	11 113.4	664.6	5 751.2	5 751.2	–	76 254.8	84 004.1	7 749.3
B. Compensatory payments	1 528.3	1 528.3	–	–	–	–	–	–	–	1 528.3	1 528.3	–
C. General insurance	3 356.0	3 356.0	–	–	–	–	–	–	–	3 356.0	3 356.0	–
D. Bank charges	256.7	256.7	–	–	–	–	–	–	–	256.7	256.7	–
E. Pension payments to former Secretaries-General	750.9	584.3	(166.6)	–	–	–	–	–	–	750.9	584.3	(166.6)
Total	65 946.7	72 864.8	6 918.1	10 448.8	11 113.4	664.6	5 751.2	5 751.2	–	82 146.7	89 729.4	7 582.7

Overview of resources for the regular budget

32.2 The proposed regular budget resources for 2020, including the breakdown of resource changes, as applicable, are reflected in table 32.2. Further details are provided under the respective components.

Table 32.2

Evolution of financial resources by component and main category of expenditure

(Thousands of United States dollars)

Component	2018 expenditure	2019 appropriation	Changes					2020 estimate (before recosting)	Recosting ^a	2020 estimate (after recosting)
			Technical adjustments	New/ expanded mandates	Other	Total	Percentage			
A. Contributions to after-service health insurance	71 969.5	60 054.8	–	–	7 084.7	7 084.7	11.8	67 139.5	3 346.4	70 485.9
B. Compensatory payments	1 546.8	1 528.3	–	–	–	–	–	1 528.3	–	1 528.3
C. General insurance	3 327.8	3 356.0	–	–	–	–	–	3 356.0	–	3 356.0
D. Bank charges	314.4	256.7	–	–	–	–	–	256.7	–	256.7
E. Pension payments to former Secretaries-General	622.8	750.9	–	–	(166.6)	(166.6)	(22.2)	584.3	–	584.3
Total	77 781.3	65 946.7	–	–	6 918.1	6 918.1	10.5	72 864.8	3 346.4	76 211.2
Main category of expenditure										
Non-post	77 781.3	65 946.7	–	–	6 918.1	6 918.1	10.5	72 864.8	3 346.4	76 211.2
Total	77 781.3	65 946.7	–	–	6 918.1	6 918.1	10.5	72 864.8	3 346.4	76 211.2

^a Based on projected medical inflation rates of 5.3 per cent for Headquarters and 4.0 per cent for other duty stations for 2020 using the actuarial valuation of the end-of-service and post-employment benefits schemes as at 31 December 2016.

A. After-service health insurance

- 32.3 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.
- 32.4 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.
- 32.5 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.

- 32.6 In the biennium 2010–2011, the United Nations introduced a new requirement that all after-service health insurance participants based in the United States of America enrol in Medicare Part B if eligible. This measure has helped to contain the premium costs of insurance plans administered at Headquarters. Notwithstanding this, 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. The premium projections for the United Nations Worldwide plan for retirees not based in the United States reflect the global nature of the plan. In many locations, increases in the medical inflation rate outpace those in general inflation. As staffing numbers stabilize or decrease, however, it is expected that costs will more closely follow medical inflation rates in the coming years. 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.
- 32.7 By its resolution [70/244](#), the General Assembly decided that the mandatory age of separation for staff recruited before 1 January 2014 should be raised to 65 years, at the latest by 1 January 2018, taking into account the acquired rights of staff. As a result, it is anticipated that the number of new participants will not increase until 2021.
- 32.8 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 this 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 recent 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 ([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.
- 32.9 The proposed regular budget resources for 2020 amount to \$67,139,500 and reflect an increase of \$7,084,700 compared with the appropriation for 2019. Additional details are reflected in table 32.3 and figures 32.II and 32.III.

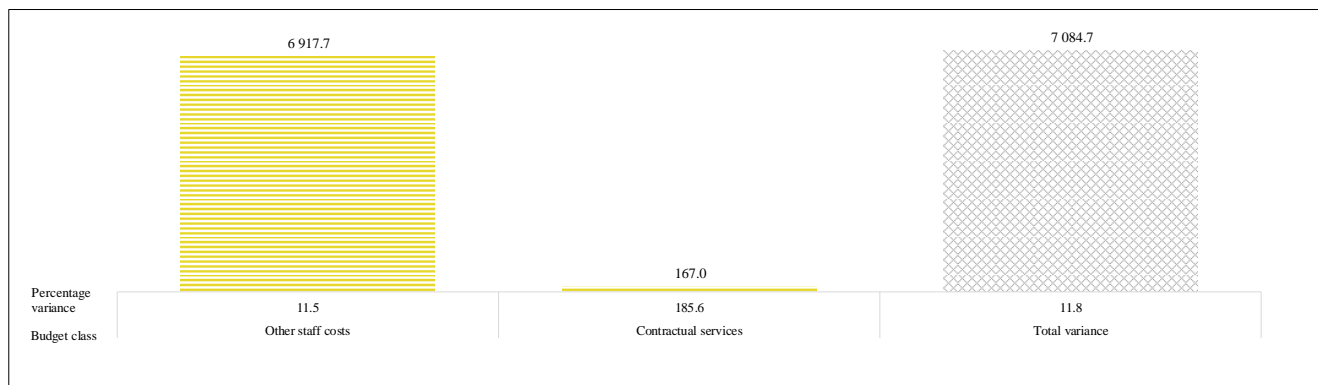
Table 32.3
After-service health insurance: evolution of financial resources
 (Thousands of United States dollars)

	2018 expenditure	2019 appropriation	Changes					2020 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage	
Non-post	71 969.5	60 054.8	–	–	7 084.7	7 084.7	11.8	67 139.5
Total	71 969.5	60 054.8	–	–	7 084.7	7 084.7	11.8	67 139.5

Figure 32.II
After-service health insurance: distribution of proposed resources for 2020 (before recosting)
 (Thousands of United States dollars)



Figure 32.III
After-service health insurance: variance between proposed resources for 2020 and appropriation for 2019, by budget class
 (Thousands of United States dollars)



32.10 The variance of \$7,084,700 reflects:

Other changes. The increase of \$7,084,700 falls mainly under other staff costs and takes into account the expenditure patterns of 2018 and 2019. The General Assembly, during its review of the proposed programme budget for after-service health insurance for the biennium 2018–2019 (see [A/72/6 \(Sect. 32\)](#)), approved a budget that was 16 per cent, or \$23.6 million, lower than the estimates initially proposed by the Secretary-General.

32.11 The component is supported by other assessed resources, estimated at \$11.1 million, and extrabudgetary resources, estimated at \$5.8 million, as reflected in table 32.1, for the payment of after-service health insurance.

B. Compensatory payments

32.12 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](#).

32.13 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](#)).

32.14 The costs incurred on both those accounts may include death annuities, monthly benefits for incapacity resulting from injury or illness, lump-sum indemnities for permanent disabilities and medical, hospital and other related expenses.

32.15 The proposed regular budget resources for 2020 amount to \$1,528,300 and reflect no resource change compared with the appropriation for 2019. Additional details are reflected in table 32.4.

Table 32.4

Compensatory payments: evolution of financial resources

(Thousands of United States dollars)

	2018 expenditure	2019 appropriation	Changes			Total	Percentage	2020 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other			
Non-post								
Other staff costs	1 546.8	1 528.3	–	–	–	–	–	1 528.3
Total	1 546.8	1 528.3	–	–	–	–	–	1 528.3

C. General insurance

32.16 The provisions under general insurance relate mainly to insurance on the buildings and property at United Nations 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.

- 32.17 Insurance premiums have remained stable for the United Nations in recent years as a result of robust outreach initiatives 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 in 2018 and during 2019, and by the general state of insurance markets at the time of the renewal of the policy, which may be affected by political events, natural catastrophes or regulatory requirements, and insurers' perception of specific risks related to the United Nations.
- 32.18 The proposed regular budget resources for 2020 amount to \$3,356,000 and reflect no resource change compared with the appropriation for 2019. Additional details are reflected in table 32.5 and figure 32.IV.

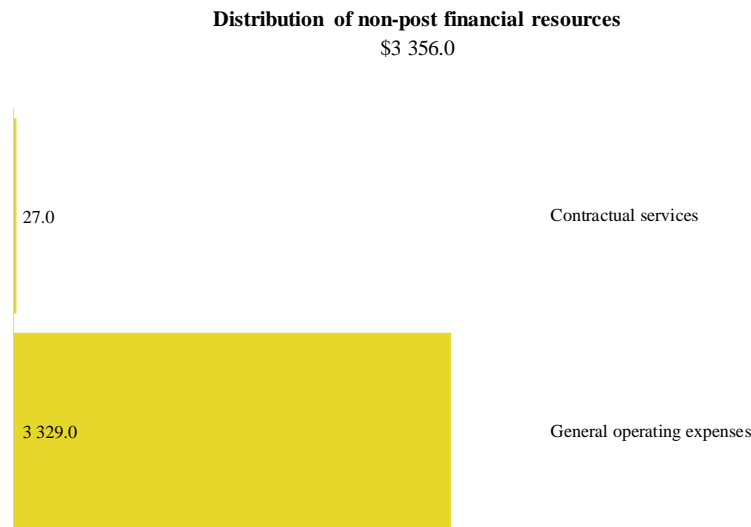
Table 32.5
General insurance: evolution of financial resources

(Thousands of United States dollars)

	2018 expenditure	2019 appropriation	Changes					2020 estimate (before recosting)
			Technical adjustments	New/expanded mandates	Other	Total	Percentage	
Non-post	3 327.8	3 356.0	–	–	–	–	–	3 356.0
Total	3 327.8	3 356.0	–	–	–	–	–	3 356.0

Figure 32.IV
General insurance: distribution of proposed resources for 2020 (before recosting)

(Thousands of United States dollars)



D. Bank charges

32.19 The proposed regular budget resources for 2020 amount to \$256,700 and reflect no resource change compared with the appropriation for 2019. The proposed resources would provide for fees for bank account maintenance, electronic fund transfers and other fees for services provided by banks. Additional details are reflected in table 32.6.

Table 32.6
Bank charges: evolution of financial resources
 (Thousands of United States dollars)

	2018 expenditure	2019 appropriation	Changes					2020 estimate (before recosting)
			Technical adjustments	New/ expanded mandates	Other	Total	Percentage	
Non-post								
General operating expenses	314.4	256.7	–	–	–	–	–	256.7
Total	314.4	256.7	–	–	–	–	–	256.7

E. Pension payments to former Secretaries-General

32.20 The proposed regular budget resources for 2020 amount to \$584,300 and reflect a decrease of \$166,600 compared with the appropriation for 2019. The resources would provide for the retirement allowances for former Secretaries-General and for the widows of two former Secretaries-General, on the basis of the retirement benefit payable as from 1 February 2017. Additional details are reflected in table 32.7.

Table 32.7
Pension payments to former Secretaries-General: evolution of financial resources
 (Thousands of United States dollars)

	2018 expenditure	2019 appropriation	Changes					2020 estimate (before recosting)
			Technical adjustments	New/ expanded mandates	Other	Total	Percentage	
Non-post								
Non-staff compensation	622.8	750.9	–	–	(166.6)	(166.6)	(22.2)	584.3
Total	622.8	750.9	–	–	(166.6)	(166.6)	(22.2)	584.3

32.21 The variance of \$166,600 reflects:

Other changes. The decrease of \$166,600 relates to the provision of retirement allowances for two former Secretaries-General in lieu of the three provisioned for in the biennium 2018–2019.