



# General Assembly

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## Sixtieth session

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**Programme budget for the biennium 2004-2005**

### **Report of the Secretary-General on coverage of staff by the malicious acts insurance policy and on security spending by organizations of the United Nations system**

#### *Summary*

The present report is submitted pursuant to the request of the General Assembly, in paragraphs 43 and 55 of section XI, entitled “Strengthened and unified security management system for the United Nations”, of resolution 59/276, on the coverage of staff of the United Nations system by the malicious acts insurance policy and on a clearer presentation of the security spending by each of the organizations of the United Nations system.

The coverage of staff of the United Nations system under the malicious acts insurance policies maintained by the organizations of the system is closely comparable system-wide and most organizations of the system maintain supplemental policies to provide coverage in countries that are excluded under existing insurance policies.

As regards security-related spending, the pattern of expenditure by the organizations of the United Nations system reveals a substantially increasing trend over the period 2003-2005, according to a system-wide survey launched by the United Nations System Chief Executives Board for Coordination (CEB) in March 2005. However, since a significant part of the overall spending reported by the organizations of the system is derived from estimates, rather than from specific data, owing to the absence of a standard budgeting and accounting system across the United Nations system, the presentation of security-related spending contained in this report should be considered as a work-in-progress. For clearer presentation of security-related spending by the organizations of the system as a whole, CEB intends to deploy, as early as possible, a standard budgeting and accounting system for security-related expenditure.

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\* A/60/150.



## **I. Introduction**

1. In paragraph 43 of section XI, entitled “Strengthened and unified security management system of the United Nations”, of resolution 59/276, the General Assembly requested the Secretary-General in his capacity as Chairman of the United Nations Chief Executives Board for Coordination (CEB) to address the matter of the malicious acts insurance policy in the context of the Board and to report to the General Assembly thereon at its sixtieth session with a view to ensuring that all staff were covered. In paragraph 55, the General Assembly recognized the need for a clearer presentation of security spending by each organization of the United Nations system and requested the Secretary-General, as Chairman of CEB, to inform the General Assembly at its sixtieth session on that issue.

## **II. Malicious acts insurance policy**

2. In the context of the malicious acts insurance policy, consultations were carried out with organizations of the United Nations system with a view to obtaining a more complete understanding of the overall coverage of United Nations staff under the policy or a comparable scheme.

3. These consultations have indicated that the terms and conditions of malicious act insurance policies maintained by the organizations of the United Nations system are very much comparable with respect to the key variables of any such policies, i.e.: (a) who is covered, (b) what is covered, (c) where such coverage applies, (d) when it applies, (e) how the policy is structured and (f) the value of the coverage.

4. Coverage obtained through participation in the United Nations-maintained malicious acts insurance policy<sup>1</sup> currently excludes 10 headquarters countries, namely, Austria, Canada, France, Germany, Italy, Japan, the Netherlands, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America. A number of organizations, including non-participants in this scheme, maintain a supplementary policy for the 10 countries not covered by the malicious acts insurance policy. The United Nations is looking into the possible expansion of the policy to countries currently excluded. Quotations are being sought from insurers based on reported staff numbers in the countries concerned. As the expansion of coverage will have financial implications for participating organizations, the policy decision and related financial aspects of expanding malicious acts insurance coverage will be discussed at the forthcoming meetings of the High Level Committee on Management.

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<sup>1</sup> At present 21 organizations participate in the United Nations-maintained policy: the United Nations, UNHCR, UNAIDS, UNDP, UNFPA, UNOPS, UNICEF, UNRWA, FAO, WHO, PAHO, IMO, IOM, UNIDO, UNESCO, IAEA, ITC, ICAO, The International Tribunal for the Former Yugoslavia, The International Criminal Tribunal for Rwanda and CTBTO. Other organizations, such as WFP, ITU and ILO, maintain their own policies for such coverage.

### III. Security spending by each organization of the United Nations system

5. In order to respond to the request of the General Assembly contained in paragraph 55 of resolution 59/276, a survey was launched in March 2005 in which all the organizations of the United Nations system were requested to provide comprehensive data on their security-related spending.

#### A. Methodology

6. Following discussions within the framework of CEB, and given that the organizations of the system currently utilize different budgeting and accounting systems for tracking security-related expenditure, it became necessary to first establish a common accounting framework especially suited to the reporting of security-related expenditure pursuant to resolution 59/276.

7. In order to move ahead quickly and meet the reporting deadline for the sixtieth session of the General Assembly, it was agreed that the security-related expenditure categories being used by the Office of the United Nations High Commissioner for Refugees (UNHCR) would be adopted as a starting framework for a system-wide survey. This was on the premise that, as a field-based organization with significant costs both in the field and at headquarters, UNHCR exhibited a fairly wide range of security-related expenditure that could serve as a working model for system-wide analysis of security-related expenditure.

8. UNHCR uses 16 categories or objects of expenditures relating to staff safety and security. They were used for reporting its security-related expenditure for 2003 and 2004, and for establishing budgetary estimates for 2005. These expenditure categories are presented in annex I along with a generic definition of the specific security-related costs covered by each category. As shown in annex I, the expenditure categories are grouped under type A — agency contribution for common system staff safety and security costs, and type B — internal agency staff safety and security costs. Subsequently, based on the survey results, a third group of expenditure was created, namely type C — miscellaneous security costs not covered under types A or B.

9. The survey required each organization of the system to provide financial data on the basis of the above-mentioned UNHCR expenditure categories. It was expected that the collection of data to fit the UNHCR framework might present some challenges, mainly because of certain incompatibilities between the UNHCR expenditure categories and the existing disaggregation and/or definition of data, and/or budgeting and financial reporting structures of other organizations of the system. In some cases, this necessitated extrapolation from reported financial figures or estimation of the relative weight and relevance of certain security-related items, or other forms of adjustment.

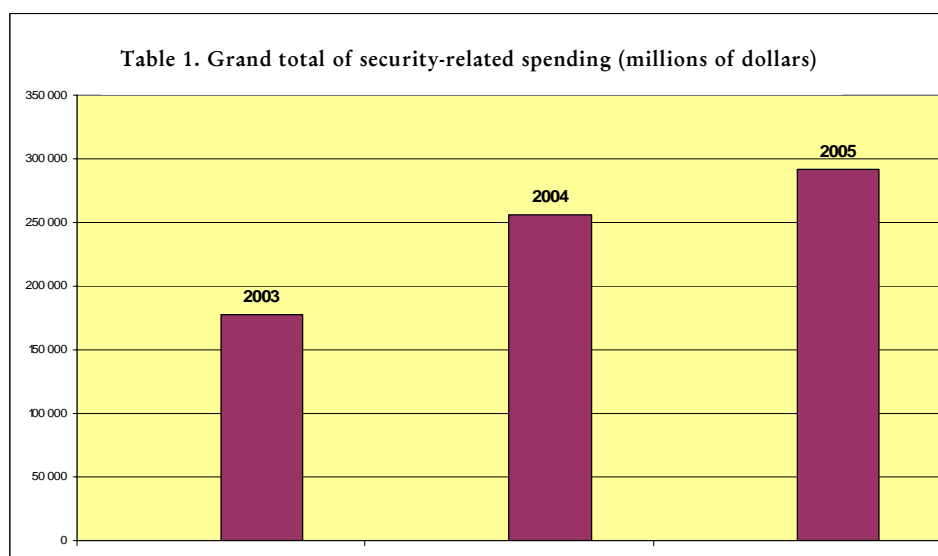
10. For the purposes of improving the reporting framework in the future and providing a baseline for further analysis, organizations were also requested to take the opportunity of the survey to highlight any methodological concerns regarding the collection and presentation of data specific to security-related expenditure.

Annex II presents a list of the methodological issues encountered by organizations of the system.

## B. Survey results

11. The information provided by the organizations of the system<sup>2</sup> through the survey is presented in annex III. The annex shows a breakdown of expenditure according to the three types of security expenditure identified in paragraph 8 above, i.e., type A — contributions to common system security costs; type B — internal agency spending on security; and type C — miscellaneous costs not covered under types A or B. It should be noted that the reported figures in annex III do not include the expenditure figures of the World Bank, IMF, UPU, ITU, the World Tourism Organization or the World Trade Organization as these could not be made available during the survey. Steps are currently being taken by the CEB secretariat to obtain the relevant information from these organizations for a future update.

12. Annex III shows that from a system-wide perspective, total security-related expenditure reached \$169.9 million in 2003, \$252.4 million in 2004 and for 2005 it is expected to reach \$286.6 million. Thus far, as shown in table 1 below, the greatest increase appears to have occurred in 2004, which showed a 49 per cent growth over 2003. The expected growth in expenditure level from 2004 to 2005 is around 14 per cent.

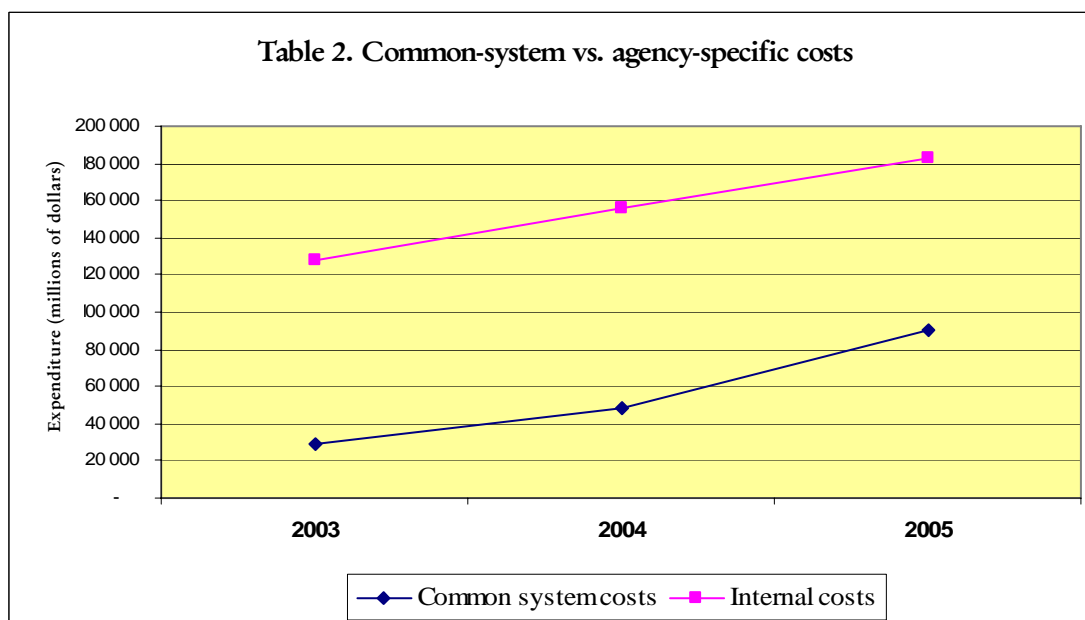


13. Annex III shows that the largest expenditure figures were reported by the United Nations (\$66.4 million in 2003, \$101.8 million in 2004 and \$93 million expected for 2005), followed by UNHCR and UNICEF in 2003 and 2004, and UNICEF and UNDP in terms of expected spending levels in 2005.

14. Growth in expenditure for common system costs (type A) was more evident than for internal agency costs (type B) during the reporting period, as shown

<sup>2</sup> The United Nations, ILO, FAO, UNESCO, ICAO, WHO, WMO, IMO, WIPO, IFAD, UNIDO, IAEA, UNDP, UNHCR, UNRWA, UNICEF, UNFPA, WFP, ITC and UNAIDS.

graphically in table 2 below. While exact figures and accurate recordings could not be made available, it appears from an analysis of the spending pattern that this growth is most likely attributable to the tendency for newly-identified security requirements to be reported as part of the contributions to common system costs, while increases in internal costs were considered less urgent or are planned to be incurred in the coming years.



15. From 2003 to 2004, spending for type A (common system costs) showed the largest growth (66 per cent) compared to spending for types B (internal costs) and C (other costs). Within common system costs, the organizations' share in the annual operations of the former United Nations Security Coordinator (UNSECOORD) in New York and in the field (category 1) increased significantly between 2004 and 2005, by about 24 per cent, doubling from a 12 per cent increase between 2003 and 2004. This is so far the largest cost increase in the entire survey.

16. Expenditure for the Headquarters Field Safety Section — FSS (category 7) was also significant, reported at \$53.1 million in 2003, \$52.9 million in 2004 and estimated to reach \$66.9 million in 2005.

17. With the exception of the expenditure for enhanced minimum operating security standards requirements at headquarters (category 16), the relative weight of most items over total expenditure remained nearly constant. The enhanced minimum operating security standards requirements expenditure increased significantly, from 1 to 5 per cent.

18. Among specific categories under type B (internal costs), two exhibited remarkable increases in both their absolute and relative values in 2004: category 10 (costs relating to security evacuation and hazard allowance) and category 14 (costs related to security and safety equipment).

## **IV. Conclusion and recommendation**

19. The results of the survey clearly show that security spending increased significantly during the reporting period. It should be borne in mind, however, that a considerable part of the overall spending reported in annex III is derived from estimates (based on extrapolations and/or approximations of security-related expenditure data not readily available), given the constraints imposed by the non-uniform reporting and accounting structure that currently exists among the organizations of the system. Consequently, while it was possible for some of the reported cost components to be identified during the budgeting stage, most could only be extrapolated after the expenditure was incurred. Moreover, other cost components had to be estimated as a percentage of expenditure incurred under object codes which referred to a broader category of cost items.

20. It may well be that the pattern of security-related spending of the United Nations system will change after the expenditure figures from those organizations which have yet to provide data (as noted in paragraph 11 above) have been factored into the analysis. Until then, the foregoing pattern of expenditure should be considered as tentative. Moreover, until the action recommended in the next paragraph has been fully implemented, the present report on the pattern of security spending by the organizations of the system should be considered essentially as a work-in-progress.

21. Taking into account the views expressed by the organizations of the system on the difficulties encountered in the course of the survey, as shown in annex II, and to better serve the interests of Member States in accordance with resolution 59/276, the United Nations system, in the framework of CEB, proposes to initiate steps to establish, on a system-wide basis, a standardized accounting and budgeting framework for security-related expenditure so as to improve the accuracy and the clarity of the analysis of security-related expenditure patterns and trends, and consequently enhance policy review and formulation in this area.

## Annex I

### UNHCR model — categories of expenditure relating to staff safety and security

Category	Calculation methodology/assumptions
<b>A. UNHCR contribution for common system staff safety and security costs</b>	
1. Agency share of annual UNSECOORD operations in the field	<p>The biannual UNSECOORD budget is established by the General Assembly; agencies are billed on an apportionment basis using annual staff census information. Billing is normally done in two phases — initial and final adjustment. Financial information is available only in General Assembly documents on the budget.</p> <p>UNHCR includes this cost under Emergency and Security Service (ESS) budget (global component of Regional Security Administrative Budget and Obligation Document (ABOD)).</p>
2. Agency share of the annual malicious act insurance policy operated by UNSECOORD	<p>As of 1 January 2004, coverage is expanded to the whole world (with the exception of Austria, Canada, France, Germany, Italy, Japan, the Netherlands, Switzerland, the United Kingdom and the United States). Covered countries are divided into two categories, with high risks and low risks, and a corresponding premium applies.</p> <p>Until 2004, billing was based on staff census data, but underwriters raised serious questions concerning the validity of the information and in 2004 the CEB secretariat consolidated data obtained from agencies directly.</p>
3. Agency share of the United Nations system-wide cost — shared security-related activities in the field	<p>This is 15 per cent of object of expenditure 921 (Contribution to joint administrative activities within the United Nations family).</p> <p>In addition to cost-sharing of UNSECOORD (which is essentially UNSECOORD field staff costs, equipment/missions/transport of these staff), agencies contribute to country-level minimum operating security standards (MOSS) related activities, such as the establishment of common country radio networks, warden systems, etc.</p> <p>Within a UNHCR field office, related amounts are budgeted under object of expenditure 921, but this also includes other general common system administrative costs, particularly in situations where there are shared United Nations premises.</p>
4. Agency share of the United Nations system-wide cost-shared joint medical services in the field	<p>This is 100 per cent of object of expenditure 933 (Joint medical services), as currently a medical service is also considered part of MOSS.</p>

**B. UNHCR internal staff safety and security costs**

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|---|--|
| 5. Costs related to agency field security personnel in various offices in the field   | Salary and common staff costs of established international/national Professional and General Service posts in the field.   |
| 6. Upgrade of operations to meet minimum operating security standards, as well as any new/unforeseen security-related needs | Regional security contingency reserve <sup>a</sup> expenditures, managed by ESS, covering new/unforeseen costs at the field level. Offices in the field should and do budget regular/foreseeable security costs within their ABODs, but there are no provisions/mechanism to respond rapidly to a changed environment, thus this allocation was established in 2002 to address this issue.   |
| 7. Headquarters Security Unit/staff costs   | Salary and common staff costs of security staff, as well as support costs for the Security Unit.   |
| 8. Costs of training on security matters  |  |
| 9. Costs of supplementary staff insurance worldwide   | Costs of supplementary staff insurance for staff not covered under the malicious acts insurance policy administered by UNSECOORD.  |
| 10. Costs related to security evacuation and hazard allowances  | Costs related to security evacuation and hazard allowances — 100 per cent of object of expenditure 177 (Security evacuation travel/hazard allowances).<br><br>This is part of salary/common staff costs provisions; however, it is not shown at the budgeting phase. Annual expenditure against object 177 is utilized to project these costs for the following years.   |
| 11. Costs related to offices' and residential security in the field, including security contracts                           | Costs related to offices' and residential security in the field, including security contracts — 60 per cent of object of expenditure 415 (Miscellaneous maintenance services, including security contracts).<br><br>Budgetary provisions within field support budgets under this object of expenditure also include other maintenance, therefore only 60 per cent were counted as security-related. There is no meaningful way of assessing whether this is appropriate. |



<i>Category</i>	<i>Calculation methodology/assumptions</i>
12. Costs of transportation equipment related to security	<p>Costs of transportation equipment related to security — 15 per cent of object of expenditure 641 (Vehicles).</p> <p>Budgetary provisions within field support budgets under this object of expenditure include armoured vehicles or transport purchased owing to security reasons, therefore only 15 per cent were counted as security-related. There is no meaningful way of assessing whether this is appropriate.</p>
13. Costs of telecommunications equipment related to security	<p>Costs of telecommunications equipment related to security — 30 per cent of object of expenditure 651 (Radio network equipment).</p> <p>Budgetary provisions within Field Support budgets under this object of expenditure include telecom equipment purchased specifically due to security considerations, but it has a dual use, therefore only 30 per cent was counted as security-related. There is no meaningful way of assessing whether this is appropriate.</p>
14. Costs related to security and safety equipment	Costs related to security and safety equipment — 100 per cent of object of expenditure 694 (Security and safety equipment)
15. Costs related to field security guards	
16. Enhanced MOSS requirements at Headquarters	

<sup>a</sup> UNHCR budgets \$3 million per year as a contingency reserve to address unforeseen security costs, the majority of which involve MOSS compliance.

## Annex II

### **Methodological issues concerning the collection and presentation of security-related expenditure data**

1. For most organizations of the United Nations system, providing financial data in accordance with the model framework based on the UNHCR security-related expenditure accounts necessitated extensive extrapolation from reported financial figures and estimation of the weight and relevance of certain security-related expenditure components not individually identifiable.
2. For some organizations, the amounts reported under type C spending (miscellaneous security costs not covered under other categories) weighed heavily on the overall costs, showing that the model framework differed significantly from their budgeting and financial reporting structure and was therefore unsatisfactory in providing a comprehensive picture of security spending.
3. Organizations' contributions to the malicious acts insurance policy and the former UNSECOORD<sup>a</sup> (categories 1 and 2 of the model framework) were easily identifiable. In most cases these contributions are budgeted under separate budget codes within the joint activities allocation.
4. For field expenditure in most organizations, budgetary and expenditure structures did not allow differentiation between country-level security costs that are internal to the agency and those originating from joint activities with other organizations of the United Nations system. In fact, organizations' share in country-level joint activities (category 3) was either diluted in the overall joint-activities code or was otherwise recorded under "security-related costs". Amounts indicated under category 3 were therefore estimated as a percentage of such general allocations.
5. Some organizations indicated the need to address this issue in the future. Specifically, some organizations are introducing budget codes corresponding to their main categories of field security-related costs. Other organizations, owing to their decentralized structure, had to obtain and compile their country-level expenditure data from their respective regional offices.
6. One organization indicated that, in order to establish a method to determine such costs, it would solicit a sampling of data from field offices of different sizes. Total expenditure to meet minimum operating security standards by offices at the country level and their mode of recording such payments would be requested. The results of this analysis would enable the organization to formulate the costs for this item.
7. An analysis of the feedback on organizations' type B spending (internal staff safety and security costs, covering categories 5 to 16) indicated that the majority of the reported amounts were not budgeted separately, but could only be derived once expenditures were incurred.
8. For many organizations, this exercise proved more difficult for costs that are normally imbedded within a specific category, such as "transportation" or

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<sup>a</sup> On 1 January 2005, UNSECOORD was incorporated in the Department of Safety and Security, established pursuant to General Assembly resolution 59/276 (XI) of 23 December 2004.

“telecommunications”. Some organizations, however, did indicate that, when equipment was required for security reasons, it would be recorded fully under “security equipment”.

9. Information provided on category 6 (Upgrade of operations to meet minimum operating security standards, as well as any new/unforeseen security-related needs) shows that the UNHCR practice of setting aside a contingency reserve is not widespread; some other organizations have established special allocations to meet exceptional requirements.

10. The training-related item (category 8) proved meaningless within the current budgetary and expenditure reporting structure of organizations: either it was not possible to separate expenditure for training provided in the field from the training expenditure at headquarters, or security-related training costs were not reported separately from other training costs.

## Annex III

## Organizations' security-related expenditure 2003-2005

Activity	A. 2003	B. 2004	B/A	C. 2005	C/B
<b>A. Agency contribution for common system staff safety and security costs</b>					
1. Agency share of annual UNSECOORD operations in New York and in the field	20 134 781	30 707 137	53%	69 644 333	127%
% of total expenditure	11%	12%		24%	
2. Agency share of the annual malicious act insurance policy operated by UNSECOORD	2 922 943	9 290 534	218%	5 719 499	-38%
% of total expenditure	2%	4%		2%	
3. Agency share of United Nations system-wide cost-shared security-related activities in the field	4 531 057	6 654 953	47%	13 105 458	97%
% of total expenditure	3%	3%		4%	
4. Agency share of United Nations system-wide cost-shared joint medical services in the field	1 452 723	1 516 994	4%	1 591 739	5%
% of total expenditure	1%	1%		1%	
<b>Subtotal A</b>	<b>29 041 504</b>	<b>48 169 618</b>		<b>90 061 029</b>	
<b>B. Agency internal staff safety and security costs</b>					
5. Costs related to agency field safety staff in various offices in the field	12 198 443	19 857 937	63%	23 730 218	19%
% of total expenditure	7%	8%		8%	
6. Upgrade of operations to meet minimum operating security standards, as well as any new/unforeseen security-related needs	13 590 480	16 401 935	21%	22 926 016	40%
% of total expenditure	8%	6%		8%	
7. Headquarters Field Safety Section costs	54 090 890	53 598 953	-1%	67 415 906	26%
% of total expenditure	30%	21%		23%	
8. Costs of training on security matters	1 489 000	2 224 510	49%	2 180 500	-2%
% of total expenditure	1%	1%		1%	
9. Costs of supplementary staff insurance worldwide	835 903	1 462 200	75%	1 474 200	1%
% of total expenditure	0%	1%		1%	
10. Costs related to security evacuation and hazard allowances	9 529 541	12 339 889	29%	12 399 488	0%
% of total expenditure	5%	5%		4%	
11. Costs related to offices' and residential security in the field, including security contracts	14 837 410	14 570 095	-2%	16 700 626	15%
% of total expenditure	8%	6%		6%	

Activity	A. 2003	B. 2004	B/A	C. 2005	C/B
12. Costs of transportation equipment related to security	3 810 455	1 916 000	-50%	2 191 737	14%
% of total expenditure	2%	1%		1%	
13. Costs of telecommunications equipment related to security	9 619 567	8 960 151	-7%	7 498 889	-16%
% of total expenditure	5%	3%		3%	
14. Costs related to security and safety equipment	4 570 760	9 863 569	116%	10 856 208	10%
% of total expenditure	3%	4%		4%	
15. Costs related to Field Security Guards	1 971 293	1 038 680	-47%	2 146 404	107%
% of total expenditure	1%	0%		1%	
16. Enhanced MOSS requirements at headquarters	1 459 067	13 313 574	812%	13 436 792	1%
% of total expenditure	1%	5%		5%	
<b>Subtotal B</b>	<b>128 002 809</b>	<b>155 547 493</b>	<b>22%</b>	<b>182 956 984</b>	<b>18%</b>
<b>C. Other miscellaneous security costs not covered above</b>					
<b>Subtotal C</b>	<b>20 461 993</b>	<b>52 323 035</b>	<b>156%</b>	<b>18 498 039</b>	<b>-65%</b>
<b>Grand total by organization</b>					
UN	66 353 228	101 769 352	53%	93 008 691	-9%
ILO	3 349 500	2 323 000	-31%	3 000 400	29%
FAO	5 834 000	6 377 000	9%	8 343 000	31%
UNESCO	1 808 041	2 911 445	61%	3 945 075	36%
ICAO	91 500	91 500	0%	142 000	55%
WHO	11 090 725	9 161 989	-17%	14 255 204	56%
WMO	273 000	363 300	33%	363 300	0%
IMO	33 455	40 441	21%	27 786	-31%
WIPO	1 098 900	1 098 900	0%	1 098 900	0%
IFAD	571 500	1 802 500	215%	2 358 500	31%
UNIDO	1 550 500	1 459 200	-6%	5 464 800	275%
IAEA	3 307 254	9 821 173	197%	12 425 705	27%
UNDP	9 884 550	17 650 000	79%	31 997 700	81%
UNHCR	24 015 500	28 614 135	19%	30 967 164	8%
UNRWA	3 531 707	5 867 570	66%	4 968 888	-15%
UNICEF	23 066 455	28 102 990	22%	35 167 100	25%
UNFPA	1 900 116	1 859 349	-2%	3 010 950	62%
WFP	19 109 442	35 997 950	88%	38 431 600	7%
ITC	218 018	344 432	58%	1 689 763	391%
UNAIDS	418 915	383 920	-8%	849 527	121%
<b>Grand total</b>	<b>177 506 306</b>	<b>256 040 147</b>	<b>44%</b>	<b>291 516 053</b>	<b>14%</b>