



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. MAGID YOUSIF, MINISTER PLENIPOTENTIARY, PERMANENT MISSION OF THE REPUBLIC OF THE SUDAN TO THE UNITED NATIONS, ON AGENDA ITEM 131: AFTER-SERVICE HEALTH INSURANCE BENEFITS, AT THE FIFTH COMMITTEE DURING THE MAIN PART OF THE 64TH SESSION OF THE GENERAL ASSEMBLY (New York, 10 November 2009)

Madam Chair,

1. I have the honor to speak on behalf of the Group of 77 and China on agenda item 131: After-service health insurance benefits (ASHI).

2. The Group of 77 and China wishes to thank the Controller, Mr. Jun Yamazaki, for his introduction of the Secretary-General's report on liabilities and proposed funding for after-service health insurance benefits (A/64/366), and the Chairperson of the Advisory Committee on Administrative and Budget Questions, Ms. Susan McLurg, for her introduction of the report of the ACABQ (A/64/7/Add.4).

Madam Chair,

3. The Group of 77 and China attaches great importance to the welfare of the UN staff members and is genuinely sympathetic with the settlement of their end-of-service liabilities including those related with ASHI as many of them cannot benefit from the national social security schemes of Member States owing to their service with the United Nations.

4. In our view, after-service health insurance liabilities is an issue with long-term implications for both the Members States and the UN staff and deserves therefore careful consideration of the Fifth Committee. Given the significance and complexity of this issue, a holistic approach for a long-term solution needs to be adopted by taking into account the common international practice including on funding mechanisms and investment. As noted by the ACABQ, different approaches to fund ASHI liabilities have already been adopted within the UN system. The Group of 77 and China concurs with the ACABQ that the Secretary-General needs to address ASHI liabilities and the impact of the growth of ASHI liabilities on a system-wide basis and wishes to hear from the Secretariat on the measures to be taken in this regard.

5. The Group of 77 and China notes that the updated actuarial value of UN ASHI liabilities as at 31 December 2007 was \$2.43 billion, which represented an increase of nearly \$400 million in just two years' time as compared with the accrued liabilities as at 31 December 2005 for the UN ASHI benefits across all funding sources amounting to \$2.07 billion. We also note that the liabilities and their presentation in the financial statement have been validated and confirmed by the Board of Auditors.

6. While we note that the pay-as-you-go approach is suggested to have led to the accumulation of the current \$2.43 billion in unfunded financial liabilities related to ASHI benefits, the Group would like to seek more information and clarification from the Secretariat on how pay-as-you-go approach has been functioning and its correlation with the accumulation of ASHI liabilities. As we are told that a slightly different discount rate to determine the present value of the future ASHI liabilities will lead to the increase or decrease of the liabilities by a significant percentage, we would like to get more

clarification as to how the 5.5 per cent discount rate used for 2005 was chosen and why it has remained unchanged for 2007 during the two years' time. As IPSAS will be applied at the earliest in 2012, we would like to know the impact the delayed application has on actuarial methodology to validate the accrued liabilities as requested by the General Assembly.

Madam Chair,

7. The Group of 77 and China notes that three funding alternatives have been proposed by the Secretary-General in an effort aimed at reducing the Organization's costs related to health-care plans. While noting the large amount of funds required for infusion and the long span of years to arrive at a partial overall funding, we concur with the ACABQ observations and hope to hear more information and explanation on such issues as why no recommendations for full funding for the ASHI liabilities have been provided, as requested by the General Assembly and how different percentages have been proposed for the three partially funded alternatives. We also concur with the ACABQ that the Secretary-General should have provided sufficient information in his report with respect to potential investment strategies for an ASHI reserve fund so that Member States can make an informed decision.

8. We note the proposed transfer of \$51.9 million from the compensation reserve fund and \$83.1 million from the medical and dental reserves respectively to start the fund and would like to seek more clarification on the nature, current usage of those reserves, as well as how exactly it can be arranged and the potential impact of the proposal to those reserves. We also note that ACABQ has recommended against the proposal of the Secretary-General to transfer the unencumbered balances of \$290 million from peacekeeping budget for the 2008/09 financial period through the suspension of financial regulation 5.3. We concur with ACABQ that this is an inappropriate financial management practice and could potentially encourage over-budgeting.

Madam Chair,

9. The Group of 77 and China would participate in the consultations on this agenda item in a constructive manner, bearing in mind the fundamental interests of UN staff, and work closely with the other parties in order to find a practical and comprehensive solution to this issue.
Thank you, Madam Chair.