



## General Assembly

Distr.  
GENERALA/40/845  
5 November 1985

ORIGINAL: ENGLISH

Fortieth session  
Agenda item 126 (c)FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES  
IN THE MIDDLE EASTReview of the rates of reimbursement to the Governments  
of troop-contributing StatesReport of the Secretary-General

## I. INTRODUCTION

1. The General Assembly, by its resolution 39/70 of 13 December 1984, requested the Secretary-General to review the existing standard rates of reimbursement to the Governments of troop-contributing States, with a view to ensuring an equitable rate of reimbursement and to report on the matter to the Assembly at its fortieth session. This report is submitted in accordance with that resolution.

2. Standard rates of reimbursement to troop-contributing States for the cost of their troops serving in the United Nations peace-keeping forces were first established by a decision of the General Assembly at its 2303rd plenary meeting of the twenty-ninth session, on 29 November 1974. These rates of reimbursement, which became effective on 25 October 1973, for troops' pay and allowances, were established at \$500 per person per month for all ranks, plus a supplementary payment of \$150 per person per month for a limited number of specialists (up to 25 per cent of logistics contingents and up to 10 per cent of other contingents). On 2 December 1977, the General Assembly, by its decision 32/416, revised the rates of reimbursement for troops' pay and allowances, effective 25 October 1977, to \$680 per person per month for all ranks, plus a supplementary payment of \$200 per person per month for specialists. A second revision of these rates was approved by the General Assembly in its resolution 35/44 of 1 December 1980. This revision, which became applicable to the United Nations Disengagement Observer Force (UNDOF) on 1 December 1980 and to the United Nations Interim Force in Lebanon (UNIFIL) on 19 December 1980, increased the rates of reimbursement to \$950 per person per month for all ranks, plus \$280 per person per month for specialists.

3. The General Assembly, at the 2440th plenary meeting of its thirtieth session on 15 December 1975, approved the principle of reimbursing troop-contributing States for the usage factor for personal clothing, gear and equipment issued to their troops for service in United Nations peace-keeping forces and requested the Secretary-General to negotiate a settlement with the troop contributors. Pursuant to this request, a reimbursement rate of \$70 per person per month was agreed upon to cover all items of personal clothing, gear and equipment and personal weaponry, including ammunition. This rate has remained unchanged.

## II. TROOP COSTS

4. Currently, four States (Austria, Canada, Finland and Poland) contribute troops to UNDOF and 10 States (Fiji, Finland, France, Ghana, Ireland, Italy, Nepal, Netherlands, Norway and Sweden) contribute troops to UNIFIL.

5. Cost data for the present review of the reimbursement rates was requested from the above 13 troop-contributing States and replies were received from 12. One of the 12 submitted data in a format which did not permit its inclusion in the review. The results of the analyses of the cost information provided by 11 of the 13 troop-contributing States are set out in the annexes I, II, III and IV to the present report.

6. Annex I lists, in ascending order of magnitude, the average cost per person per month to the troop contributors in respect of pay and allowances of troops (expressed in United States dollars) as well as the absorption factor (expressed as a per cent with the latter representing that portion of the costs to the troop contributors not covered by the current rates of reimbursement. From the distribution, it may be seen that the reported average cost for pay and allowances of troops in 1984/85 ranged between \$708 and \$3,674 per person per month with an overall average cost of \$1,905 and a median cost of \$1,615. The comparable figures for 1980 ranged from \$1,201 to \$3,341, with an overall average cost of \$2,037 and a median cost of \$1,944. 1/

7. Annex II provides a distribution, in ascending order, of the average cost per person per month of the usage factor for troops' personal clothing, gear and equipment and personal weaponry (including ammunition) together with the absorption factors indicating the percentage of the costs to the troop-contributing States not covered by the current rate of reimbursement of \$70. The reported average cost per person per month in 1984/85 ranged from \$48 to \$473, with an overall average cost of \$139 and a median of \$81.

8. A composite of the average costs per person per month for the items covered by the standard rates of reimbursement, i.e. pay and allowances, personal clothing, gear and equipment and personal weaponry (including ammunition) is shown in annex III. These composite costs, listed in ascending order of magnitude, indicate a cost range from \$789 to \$3,948. The overall average cost per person per month amounts to \$2,044 with a median cost of \$1,663.

### III. CONSIDERATIONS

9. Inflation and currency exchange rate fluctuations are the two main factors that could change the level of compensation based on the reimbursement rates effective December 1980. Consequently, this review focused on determining the extent to which these two factors had contributed to escalating troop costs and thus adversely affected, in real terms, the relationship between these costs and the existing standard rates of reimbursement.

10. The changes in the rates of inflation and of currency exchange for the period between 1980 and 1984 for the 13 troop contributors enumerated in paragraph 4 above are indicated in annex IV. They show, after adjusting for the impact of inflation since 1980, that at the end of 1984 the value of the United States dollar (the currency of reimbursement) had increased in relation to the national currencies of 10 of the troop contributors. In the remaining three cases the value of the United States dollar had declined vis-à-vis their national currencies. Overall, the changes in the value of the United States dollar over the period 1980 to 1984, in respect of the 13 national currencies ranged from a decrease in value from 28.2 per cent to an increase of 435.3 per cent. For the 11 countries included in the review, the overall average increase in the value of the United States dollar was 19.6 per cent. When all 13 troop-contributing countries are considered, the average increase was 50.4 per cent.

11. As regards escalating troop costs, per se, it is not possible to determine precisely the escalation that has affected such costs for any one troop contributor since December 1980. The data submitted for the 1980 review did not permit the identification of the Member States which had supplied data; moreover, the composition of the troop-contributing States in UNIFIL between 1980 and 1984/85 has changed.

### IV. CONCLUSIONS AND RECOMMENDATIONS

12. The changes in the currency exchange rates of 1984 over 1980 in terms of the national currencies of the troop contributors in relation to the United States dollar have been such that they have, in most cases, offset the adverse effects of inflation. Hence, it would appear that the current standard rates of reimbursement continue to provide a fair and reasonable compensation to troop contributors for troop costs and that a basis does not exist, at the present time, to warrant an adjustment to the rates of reimbursement.

13. At the time of the initial establishment of standard rates of reimbursement, it was recognized that certain troop-contributing States would not be fully reimbursed for their entire expenses of providing troops to the United Nations peace-keeping forces, based on an equitable standard rate of reimbursement formula. However, all Member States should receive at least that portion which was paid to their troops as actual overseas allowances.

14. Based on the data provided by the 11 troop-contributing States included in the review, 10 are currently absorbing between 11.7 per cent and 72.2 per cent, for an

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average of 34.3 per cent, in respect of pay and allowances paid to their troops. In 1980, when the present rates of reimbursement were established, the absorption factors ranged from 18.6 per cent to 69.5 per cent with an average of 45.9 per cent.

15. Should there be changes in the currency exchange and/or inflation rates that would drastically affect the existing levels of compensation for troop costs thereby increasing the absorption factor borne by the troop-contributing States, it would be desirable to ensure that measures are taken to redress the situation within a reasonable time. It is therefore proposed that a review of the rates of reimbursement be undertaken as and when changes in currency exchange and/or inflation rates so dictate.

Notes

1/ A/C.5/35/38, para. 8 and the annex.

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## ANNEX I

Average costs, per person per month (pppm) reported by the troop-contributing States under the heading of pay and allowances of troops, and the absorption factor at the current reimbursement rate (\$US 950 plus \$US 280 for a limited number of specialists) in 1984/85

Each troop contributor's average cost, ppm a/ <u>United States dollars</u>		Absorption factor b/ <u>per cent</u>
	708	(38.2)
	1 107	11.7
	1 132	13.6
	1 201	18.6
	1 374	28.8
	1 615	38.0
	1 991	48.8
	2 080	50.9
	2 593	61.9
	3 475	70.7
	<u>3 674</u>	<u>72.2</u>
Average	<u>1 905</u>	<u>34.3</u>

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a/ Conversion from national currencies to the nearest dollar based on the United Nations operational rates of exchange in July 1985.

b/ The portion of the costs to the troop-contributing States not covered by the standard rates of reimbursement.

## ANNEX II

Average costs, per person per month (pppm), reported by the troop-contributing States under the heading of usage factor for personal clothing, gear and equipment and personal weaponry (including ammunition) of troops and the absorption factor at the current reimbursement rate (\$US 70) in 1984/85

Each troop contributor's average cost, ppm <u>a/</u> <u>United States dollars</u>	Absorption factor <u>b/</u> <u>per cent</u>
48	(45.3)
61	(14.5)
65	(7.7)
76	7.5
81	13.6
81	13.8
94	25.8
118	40.7
170	58.9
265	73.6
<u>473</u>	<u>85.2</u>
Average <u>139</u>	<u>22.9</u>

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a/ Conversion from national currencies to the nearest dollar based on the United Nations operational rates of exchange in July 1985.

b/ The portion of the costs to the troop-contributing States not covered by the standard rates of reimbursement.

# ANNEX III

Combined average costs per person per month (pppm) reported by the troop-contributing States for pay and allowances and for personal clothing, gear and equipment and personal weaponry (including ammunition) of troops and the absorption factor at the current reimbursement rates in 1984/85

	Each troop contributor's average cost, ppm <u>a/</u> <u>United States dollars</u>	Absorption factor <u>b/</u> <u>per cent</u>
	789	(32.8)
	1 168	10.3
	1 250	16.2
	1 295	19.1
	1 455	28.0
	1 663	35.5
	2 056	47.0
	2 156	49.4
	2 858	63.0
	3 844	71.6
	<u>3 948</u>	<u>72.4</u>
Average	<u>2 044</u>	<u>34.5</u>

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a/ Conversion from national currencies to the nearest dollar based on the United Nations operational rates of exchange in July 1985.

b/ The portion of the costs to the troop-contributing States not covered by the standard rates of reimbursement.

ANNEX IV

Value of \$US 1 in national currency of the troop contributors in 1980 and 1984/85

Troop Contributor	Average value of 1 US\$ in troop contributor's currency a/			Cost increases due to inflation from 1980 to 1984		Net increase (decrease) in 1984 over 1980 in value of 1 US\$ in troop contributor's currency after adjusting for inflation in that country (col 4 minus col 6) col 6)	Net increase (decrease) in 1984 over 1980 per cent (col 7 minus col 2 x 100)
	In 1980	In 1984	Increase 1984 over 1980 (col 3 minus col 2)	Inflation rate b/ 1980-1984 per cent	Amount (col 2 x col 5)		
Austria	12.83	19.80	6.97	22.9	2.94	4.03	31.4
Canada	1.17	1.28	0.11	37.7	0.44	(0.33)	(28.2)
Fiji	0.828	1.05	0.222	33.7	0.279	(0.057)	(6.9)
Finland	3.72	5.96	2.24	42.1	1.57	0.67	18.0
France	4.20	8.65	4.45	49.3	2.07	2.38	56.7
Ghana	2.75	35.43	32.68	753.0	20.71	11.97	435.3
Ireland	0.485	0.916	0.431	69.2	0.336	0.095	19.6
Italy	849.00	1 715.00	866.00	76.8	652.03	213.97	25.2
Nepal	11.90	16.20	4.30	31.9	3.80	0.50	4.2
Netherlands	1.98	3.17	1.19	20.0	0.40	0.79	39.9
Norway	4.92	8.10	3.18	45.7	2.25	0.93	18.9
Poland	33.20	110.37	77.17	242.4	80.48	(3.31)	(10.0)
Sweden	4.23	8.20	3.97	43.2	1.83	2.14	50.6

a/ Based on United Nations operational rates of exchange.

b/ Based on United Nations Monthly Bulletin of Statistics, April 1985 issue - ST/ESA/STAT/SER.0/148.