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UNITED NATIONS OPERATIONS IN THE CONGO

1961 Cost Estimates

Thirty-eighth report of the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifteenth session

Extent and scope of the estimates

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/4703), containing cost estimates in an amount of \$135 million for the United Nations operations in the Congo (ONUC) during the period 1 January to 31 December 1961.
2. It may be recalled that, by resolution 1590 (XV) of 20 December 1960, the General Assembly authorized the Secretary-General to incur, in respect of ONUC, commitments of up to \$24 million during the first three months of 1961 and requested him to submit cost estimates for 1961 to the resumed fifteenth session. The Advisory Committee has examined the estimates on the assumption that provision for the full year is intended, although the General Assembly might wish to limit the appropriation at this stage to funds required for the period until the sixteenth session of the General Assembly.

3. The estimates cover the expenses of the United Nations Force as such, as well as the cost of the Office of the Special Representative of the Secretary-General, the Commander of the Force and his general staff, and the international and locally recruited civilian staff providing administrative support to the operations. Provision is also made for the Office of the Chief of the United Nations Civilian Operations and his Consultative Group which is engaged in the planning and co-ordination of international assistance provided for the purpose of restoring the economic life of the Congo and carrying on its public services. The operational costs of the latter programme, such as the expenses connected with 174 technical assistance experts at present in the field, are however being met from the United Nations Fund for the Congo established pursuant to General Assembly resolution 1474 (ES-IV) of 20 September 1960, and financed on a voluntary basis.

Assumptions on which estimates are based

4. The estimates under review are based on certain assumptions as to the size, composition and operations of the Force during 1961, which, as pointed out by the Secretary-General in paragraph 3 of his report, are subject to possible modification as the situation in the Congo develops. Of particular importance is the premise that the size of the Force, which had an average strength of 18,450 from 1 January to 24 February 1961, will be gradually increased to a total of approximately 25,000 officers and men by about 1 May 1961. Accordingly, the average numerical strength of the Force throughout 1961 has been assumed at 23,400. In considering the 1961 cost estimates, the Advisory Committee has borne in mind the difficulty of forecasting the course of future events and has limited its examination to the question whether and to what extent the estimates as presented are a reasonable indication of essential costs under the circumstances currently foreseen.

Record of expenditures and obligations for 1960

5. To guide it in its study of the 1961 estimates, the Advisory Committee first inquired into the record of expenditure and obligations incurred during the first

five and a half months of ONUC in 1960 as compared with the appropriated amount of \$48,500,000.^{1/}

6. Although final accounts are not yet available, approximate figures provided to the Advisory Committee indicate that obligations and expenditures under Part A of the estimates covering operating costs during July-December 1960 are likely to amount to a total of \$40,147,200, or some \$1,647,200 in excess of the approved estimate of \$38,500,000 for that Part. The over-expenditure under Part A arises, despite substantial economies under a number of sections, mainly as a result of unforeseen costs under such headings as maintenance and operation of aircraft, (section III, chapter 3), rental and maintenance of premises (section V, chapter 2), and purchase of other equipment (section VI, chapter 2).

7. As pointed out by the Secretary-General in paragraph 8 of his report, the net effect of the 1960 record of payments and obligations is that it will be possible to remain within the total level of \$48,500,000 approved by the General Assembly only if reimbursements to Governments for their extra costs (Part B) in 1960 do not exceed \$8,500,000. As only a few claims for reimbursement have been processed to date, the position as to the probable level of expenditure under this latter heading remains unclear. In fact, as at 14 March 1961, actual

^{1/} The estimates for the period 14 July to 31 December 1960 as submitted by the Secretary-General, as recommended by the Advisory Committee and as approved by the General Assembly, were as follows:

	Part A Operating costs including <u>contingencies</u>	Part B Reimbursement <u>to Governments</u>	<u>Total</u>
	\$	\$	\$
Estimate submitted by the Secretary-General	51,625,000	15,000,000	66,625,000
Estimate recommended by the Advisory Committee, subject to waivers	50,000,000	10,000,000	60,000,000
Appropriation approved by the General Assembly, after waivers	38,500,000	10,000,000	48,500,000

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payments (to two Governments) were in the amount of \$1,113,185 only; claims from two other Governments totalling \$1,294,957 were in the process of settlement.

Detailed examination of 1961 estimates

8. The estimates are presented under the same headings as in 1960, subject to the addition of new categories of cost under section I, chapter 4, (Leave payments) and section VI, chapter 2, (Purchase of aircraft). The nature of the ONUC operation is perhaps such that it may not be easy or practicable to provide information and justification in support of the estimates in as much detail as in the case of the regular budget. Nevertheless, the ONUC budget document might have included, for the information of the General Assembly, somewhat more detailed data, especially in regard to such matters as the structure and functions of the various units constituting the ONUC organization, which involves a large number of civilian personnel. The Advisory Committee has reviewed the estimates section by section; however, the comments that follow are limited to points which the Committee desires to underline or which relate to areas of possible economies in expenditure.

Size of the Force

9. Several of the expenditure items are directly related to the numerical strength of the Force and are based on an assumed average number of officers and men of 23,400 throughout 1961. Such items include the United Nations daily allowance (section I, chapter 1), Leave payments (section 1, chapter 4), Rations (section IV, chapter 1), and Reimbursement to Governments in respect of extra and extraordinary costs relating to pay and allowances of contingents (section IX, chapter 1).

10. The estimates under section II relating to civilian personnel are based upon the number of staff actually assigned to ONUC as at 10 February 1961 (see organizational chart annexed), with an allowance for additional personnel required in 1961 and now in the process of recruitment. Thus, provision is made, apart from 1,400 locally-recruited personnel, for 475 internationally assigned staff, with approximately one half being detailed from established offices of the United Nations and its associated agencies and programmes and the rest specially recruited for ONUC.

11. The other estimates under Part A (Operating costs), are based largely on the 1960 experience, with due allowance for different circumstances and requirements in 1961. While a reduced rate of expenditure is reflected in certain areas, a sharp rise is indicated in others, particularly under section III, chapter 2, for maintenance and operation of aircraft; section V, chapter 1 for freight; and section V, chapter 2 for rental and maintenance of premises.

12. The Advisory Committee, from the purely technical point of view, has given careful consideration to the likely average strength of the Force which has been assumed for the calculation of the relevant estimates. The latest available information on this point indicates that there has been some depletion of the Force in the last week of February and the first two or three weeks of March, which has somewhat slowed the rate of build-up to the target strength of 25,000. It would therefore seem reasonable, other assumptions regarding the future strength of the Force proving true, to use a lower average for the year than the number of 23,400 proposed in the estimates. In view of the large sums involved, the budgetary impact of even a small reduction of this average could be quite significant.

Leave allowance

13. The Advisory Committee has also inquired into the justification for the new provision under section I, chapter 4, for leave payments to members of the Force at the rate of \$3 for each day of leave to which the individual becomes entitled, on the basis of two and a half days for each month of completed service. In this regard, the Committee is informed that the need for such compensation has arisen because, quite apart from the fact that operational commitments preclude the granting of any leave to military personnel, it has, in any event, proved impractical to provide any leave facilities in, or in the neighbourhood of, the Congo similar to the leave centres provided in the case of the United Nations Emergency Force (UNEF). The leave allowance which is payable in respect of all leave, whether used or unused, is in lieu of appropriate rest or leave facilities and is not a compensation merely for unused leave. The rate of \$3 per day compares reasonably with the cost per man of the leave centres in UNEF (\$96 per man year).

Air transport facilities

14. An area of substantial expenditure (about \$27.6 million) is covered under section III, chapter 2 and section VI, chapter 2, which deal with the maintenance and operation of aircraft and the purchase of aircraft, respectively.

Preliminary indications are that the expenditure for these purposes in 1960 was more than twice the provision in the approved budget. The 1961 estimates make allowance for a corresponding rate of expenditure. It has been explained to the Advisory Committee that the opportunities for surface transportation of personnel and supplies between the widely distributed operational points in the vast area of the Congo are both limited and slow. On the other hand, the facilities for air communications in the country are relatively well developed and constitutes the only practical means of speedy and efficient transport. Accordingly, ONUC has had to resort to air transport facilities to an increasing extent, and at present operates fifty-six aircraft which are either owned by or loaned to the United Nations. In addition, it is expected that some thirty-two aircraft will, on the average, be under charter from various commercial companies in the course of 1961.

15. In respect of the fifty-six planes at present directly operated by ONUC, the Advisory Committee understands that the United Nations has purchased forty-seven; the cost of thirty-seven of these was charged to the 1960 budget under section VI, Purchase of equipment, with provision for the remaining ten being made under section VI, chapter 2, of the 1961 estimates. Nine planes are on loan from various Governments and the charges involved remain subject to agreement with the Governments concerned. All the fifty-six aircraft are operated and maintained by a present total of 260 military air force personnel who are members of the Force, and the ONUC budget provides for all related costs. In the case of the chartered planes, the companies concerned provide all necessary operational and maintenance facilities, including crews, and the United Nations pays for actual flying hours accomplished in the service of the mission, at an all-inclusive rate per flying hour. While the charter arrangements are more costly than aircraft operated by ONUC itself, the related administrative arrangements are said to be much simpler. In the Secretary-General's view the charter arrangement is also more flexible in that the number of aircraft used can be varied at short notice. The Committee is also informed that, while further experience in this matter is needed

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in order to judge the balance of advantage between the two types of arrangements, it is desirable for the present to maintain a mixed system.

16. The Advisory Committee is inclined to believe that expenditure on air transport facilities is on the high side and should be brought down through more centralized administrative control and through arrangements which would permit a more restricted resort to charter arrangements. Specifically, the Committee would urge that the efforts to obtain the loan of aircraft from Governments on economical terms should be intensified.

Freight costs

17. The estimate for freight charges under section V, chapter 1, is based generally on the actual experience of 1960 which indicated obligations at more than twice the rate of expenditure contemplated in the initial estimates for 1960. The Advisory Committee understands that this increase is largely attributable to the necessity for bringing in spare parts for the expanded air fleet. It appears that it is not practicable or economical to maintain a complete range of such parts on the spot in view of the high cost of warehousing and maintenance while in storage.

Rental and maintenance of premises

18. Another category in which expenditures have far exceeded original expectations is rental and maintenance of premises, which is provided for under section V, chapter 2. Provisional indications are that obligations in 1960 have been almost four times the amount provided. The 1961 estimate is based on a similar increased rate of expenditure. The Advisory Committee is informed that the housing of the military and civilian personnel in the Congo and the provision of space for such ancillary facilities as offices, warehouses, hospitals, depots and messes provided a major problem from the outset as a result of the general and increasing unavailability of premises suited to the requirements of ONUC. The situation has become more difficult as the duration of the operation increased and as the makeshift arrangements resorted to at the beginning became impractical. In addition, the total needs will also increase with the growing size of the Force.

19. The total estimate of \$4,270,000 comprises \$1,720,000 for rental of premises, \$1,350,000 for maintenance of rented facilities, minor renovations and utilities, and \$1,200,000 for construction work on a contractual basis. The Advisory Committee understands that the provision for construction envisages, in general, the payment to contractors of rental, or in some cases advance rental, as reimbursement for the costs incurred by them in the construction or adaptation of premises for United Nations use. The Organization will not therefore be acquiring any extensive ownership rights either to land or to permanent structures, and consequently will not be faced with the problems inherent in the ultimate disposition of such property when no longer required.

20. Other categories of expenditure which, in the Advisory Committee's view, may offer some scope for economies are dealt with below.

Section I, chapter 2. Rotation of contingents

21. The two main factors governing the rate of expenditure under this item are the frequency of rotation and whether a rotation takes place by sea or air. The Advisory Committee is informed that, of the eleven Governments at present providing contingents, four contemplate an annual rotation of their contingents. The remaining seven contingents may need to be rotated at six-monthly intervals, although negotiations on this point have not been completed in all cases. At present the contingents in the latter category are relatively smaller in size; accordingly, the estimates assume that, in terms of numbers, one-half of the Force will need to be rotated annually and the other half every six months. As to mode of transportation, it would appear that air transport is normally very much more expensive than surface travel. The Committee therefore notes with approval that (A/4703, para. 9) special attention is being paid to the development of economical methods of transport, and that arrangements have been concluded for the provision from governmental sources of two vessels specially equipped for transportation of troops. The Committee hopes that, in addition to making full use of these vessels, all practical resort will be had to similar arrangements.

Section I, chapter 3. Travel and subsistence of military personnel

Section II, chapter 3. Travel and subsistence of civilian personnel

22. An important element of cost under these items consists of the payment of an allowance of \$20 a day to those international civilian staff and military personnel for whom no accommodation and messing facilities can be provided. Those who are provided with housing, but no messing facilities, receive \$12 a day. Under paragraph 18 above, mention has already been made of the difficulty of securing suitable premises for these purposes. In view of the fact that substantial provision is made for construction and conversion of premises under section V, chapter 2, it would seem that the situation should show steady improvement. Accordingly, the Advisory Committee hopes that, while the estimates make some allowance for a reduced rate of expenditure on this account, the provision of facilities in kind to an increasing number of the Force would result in further reductions in the expenditure under this item.

Section IV, chapter 1. Rations

23. The estimate of \$13,660,000 under section IV for rations is based on an average daily cost of \$1.60 per man, which is the target estimate established in 1960. An analysis of the experience in 1960 showed that food actually consumed cost \$1.75 per man per day, the higher rate being accounted in part by the more expensive emergency arrangements which had to be made in the initial stages. It may be recalled that in the case of UNEF it has proved possible over a period of time, through a steady improvement in methods of procurement, to achieve progressively a substantial reduction in the unit cost of rations.^{2/} The Advisory Committee anticipates that, as more experience is gained in ONUC, a similar trend will occur and some savings in expenditure will be feasible in 1961.

^{2/} The unit cost of rations in UNEF which was \$2.00 in 1957 was brought down to \$1.25 in 1958, \$1.20 in 1959, \$0.90 in 1960 and \$0.80 in the 1961 estimates.

Section V, chapter 4. Other supplies and services

Section VI, chapter 1. Transport and heavy mobile equipment

Section VI, chapter 3. Purchase of other equipment

24. Considerable sums of money are provided for the acquisition of items in the above categories. At the same time, it is difficult to assess the reasonableness of estimates of this nature, especially where they relate to non-expendable equipment. On this latter point, the Advisory Committee understands that the 1961 estimates are intended to provide for needs related to the increase in the numerical strength of the Force as well as replacement of used or worn-out items. The Committee trusts that maximum economies will be effected in this area of expenditure by the institution of proper controls on consumption and handling and that the acquisition of non-expendable items, which may in due course become an encumbrance, will be kept within the most reasonable limits. It is gratifying in this regard that it has been possible in ONUC to maintain regular and up-to-date records and inventories of equipment, whether contingent-owned or belonging to the Organization.

Section VIII. Contingencies

25. An amount of \$2,850,000, amounting to some 2 per cent of the total budget, is provided to meet contingencies not foreseen in the estimates or to provide some leeway in areas where total liabilities cannot be assessed with any precision at the present time. The Advisory Committee believes that, with the experience of the first seven or eight months of the operations, there is a somewhat firmer basis for the 1961 estimates than for the 1960 budget, so that a provision for contingencies in a lower amount than the estimate shown might prove sufficient.

Section IX, chapter 1. Reimbursement to Governments in respect of extra and extraordinary costs relating to pay and allowances incurred by Governments providing contingents

26. At the time the estimates were prepared, very few claims had been received from Governments, while certain claims which had been submitted were still the subject of negotiation. On the basis of more recent data which has become available, the Advisory Committee has reason to believe that the estimate under chapter 1 of section IX may well prove to be too high. While the commitments

which may arise under chapters 2 and 3 of this section (Reimbursement in respect of equipment, material and supplies furnished by Governments to their contingents and in respect of death and disability awards on behalf of members of contingents) cannot be accurately determined at the moment and may well exceed the present provision, the Advisory Committee believes that a substantial reduction might be made in the over-all estimate under section IX without prejudice to the legitimate claims of Governments providing contingents.

Recommendations of the Advisory Committee

27. In examining the estimates, the Advisory Committee has taken account of the large amounts involved, especially in the light of the size of the regular budget for 1961, the substantial sums already approved for the 1960 costs of ONUC and the 1961 requirements of UNEF, all of which have been assessed to Member States in 1961. A further important consideration in this regard is that the over-all financial position of the Organization continues to be critical. The Advisory Committee believes that these considerations render it imperative that every possible effort must be made to achieve maximum economy of expenditure in the ONUC operation.

28. In any large-sized operation of this kind, there are a number of areas involving expenditures of large magnitude - such as those related to purchase of equipment, operation and maintenance of vehicles and aircraft, movement of contingents, number of civilian personnel and their travel and subsistence - in which, unless the strictest central control is not exercised, avoidable expenditure may easily occur. The Advisory Committee would therefore urge that, in addition to the general strengthening of administrative and financial controls, special attention should be paid to the areas of expenditure mentioned above.

29. In the light of the foregoing comments and observations, and generally on the basis of the assumptions underlying the Secretary-General's estimates, the Advisory Committee believes that the cost of the United Nations operations in the Congo (ONUC) for the full year 1961 might be held to a total not exceeding \$120 million, comprising \$100 million under Part A (Operating costs including contingencies) and \$20 million under Part B (Reimbursements to Governments).

30. The Advisory Committee would recommend that rules similar to those already approved for the UNEF budget in respect of the transferability of credits should be made applicable to the ONUC budget. Thus, the Secretary-General should be authorized to transfer credits within Part A of the budget as well as from Part A to Part B. Credits in Part B should not however be available for use under Part A without the prior concurrence of the Advisory Committee.

Other observations

31. The Advisory Committee has taken particular note of the special procedures outlined in paragraph 10 of the Secretary-General's report: (a) the establishment in the Congo of an outposted unit of the Internal Audit Service, the staff of which includes persons with experience of military accounts and audit, who have been specially provided by some Governments; (b) the creation of a special Supply and Purchase Control Section; and (c) the periodic visits to ONUC of senior officials and technicians for purposes of administrative and financial inspection. The Committee would point out, furthermore, that in terms of the Financial Regulations, the ONUC operation will be the subject of regular audit and report by the External Auditors of the United Nations, the first such audit being as at 31 December 1960. In view of the size of the expenditures involved in this operation, the Committee trusts that all necessary steps will be taken to maintain and improve upon administrative and financial control procedures.

INTERNATIONAL STAFF ASSIGNED TO OMBC AS AT 10 FEBRUARY 1961
(See SECTION II, CHAPTER 1, 1961 OMBC BUDGET ESTIMATES, (A/4703))

