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COMPREHENSIVE REVIEW OF THE WHOLE QUESTION OF PEACE-KEEPING  
OPERATIONS IN ALL THEIR ASPECTS

ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE  
UNITED NATIONS PEACE-KEEPING OPERATIONS

Report of the Advisory Committee on Administrative  
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the following reports of the Secretary-General, prepared pursuant to the requests contained in General Assembly resolution 44/192 of 21 December 1989 and/or Assembly resolution 44/49 of 8 December 1989, relating to peace-keeping:

- (a) Review of the rates of reimbursement to the Governments of troop-contributing States (A/45/582);
- (b) Support account for peace-keeping operations (A/45/493);
- (c) The feasibility and cost-effectiveness of a reserve stock of equipment and supply items for United Nations peace-keeping activities (A/45/493/Add.1);
- (d) Use of civilian personnel in peace-keeping operations (A/45/502).

The Committee also had before it the Secretary-General's reports on requirements for United Nations peace-keeping operations (A/45/217), standard operating procedures for peace-keeping operations (A/45/602), training manuals for peace-keeping (A/45/572), and model status-of-forces agreement for peace-keeping operations (A/45/594).

A. Review of the rates of reimbursement to the Governments of troop-contributing States

2. The Advisory Committee recalls, as indicated in paragraph 2 of the report of the Secretary-General (A/45/582) that, in response to General Assembly resolution 42/224 of 21 December 1987, the Secretary-General submitted a report to the Assembly at its forty-fourth session (A/44/500) on his review of the rates of reimbursement to the Governments of troop-contributing States. As a result of the receipt of incomplete data, it was concluded at that time that a realistic basis did not exist to draw conclusions on the adequacy of the current reimbursement rates. The rates became effective in December 1980, as follows:

(a) \$950 per person per month for pay and allowances for all ranks;

(b) \$280 per person per month as supplementary payment for specialists serving with the various Force contingents, limited to a maximum of 25 per cent for the logistic contingents and to 10 per cent for other contingents of their actual total strength;

(c) \$65 per person per month for the usage factor for personal clothing, gear and equipment for all ranks;

(d) \$5 per person per month for personal weaponry, including ammunition, for all ranks.

3. The Committee notes from paragraph 6 of the report of the Secretary-General (A/45/582) that the present review is based on the replies to a questionnaire of January 1989 from 11 of the 14 Member States currently providing troops to United Nations peace-keeping operations. The results of the analysis of the information provided by the 11 troop-contributors are set out in annexes I to III to the Secretary-General's report. According to annex I, the reported average cost for pay and allowances of troops in December 1988 ranged between \$280 and \$4,413 per person per month, with an overall average of \$2,297 and a median of \$2,356 compared to the 1980 overall average cost of \$2,037 and the median cost of \$1,944.

4. The Committee recalls the statement in paragraph 3 of the Secretary-General's report that "the standard rates of reimbursement, which were established with effect from October 1973 and were revised in 1977 and 1980, introduced equality of payment to Governments for providing troops to United Nations peace-keeping forces" (A/45/582). The Committee observes that the figures provided in annex I to the Secretary-General's report are total costs per person per month; no indication is given of the proportion of those costs which relate to overseas allowances. Upon inquiry, the Committee was informed that the overseas allowance alone paid by a number of troop contributors is higher than the reimbursement rate of \$950 per person per month for pay and allowances for all ranks and that the highest average cost for a troop contributor of \$4,413 includes \$2,678 for overseas allowance per person per month.

5. The Committee notes from annex IV to the Secretary-General's report that for most of the troop-contributing States their costs not covered by the standard rates

of reimbursement (absorption factors) have increased, although the total average shows a decrease from 45.9 per cent in 1980 to 23.3 per cent in 1988. The Committee notes in this connection that the average costs of two troop-contributing States included in the analysis are disproportionately low and therefore distort the overall average costs. The Committee was informed that when the highest (plus 76.9) and the lowest (minus 264.5) absorption factors are eliminated, the arithmetic average is 49.3 per cent and the median is 58.5 per cent.

6. Annex V to the Secretary-General's report shows an increase of 7.4 per cent in the average cost per person per month in national currency between 1984 and 1988 for the nine troop-contributing States that had reported for both years. The Committee was informed that the 1984 data contained different elements from those reported for 1988 and are thus not directly comparable.

7. The Committee further notes that the information provided in annexes I, II, III and V to the Secretary-General's report is confined only to Member States that are at present participating in peace-keeping operations and that data of previous troop contributors have not been utilized. The Committee believes that the relevant data on a larger number of troop-contributors over a longer period of time would reflect more accurately the actual change in the average cost for pay and allowances.

8. The Advisory Committee notes that the Secretary-General has not recommended a change in the current rates of reimbursement. In this connection, the Committee has pointed out in paragraphs 5, 6 and 7 above certain methodological problems in the Secretary-General's analysis of the data provided by troop-contributing countries.

9. Under the circumstances, the Committee has concluded that some relief is necessary, especially when one considers the inflation that has occurred world wide over the last 10 years since the current rates were established in 1980. If the General Assembly agrees with the above conclusion, the Committee would recommend an increase of 4 per cent in the reimbursement rates.

#### B. Support account for peace-keeping operations

10. The report of the Secretary-General (A/45/493) has been submitted pursuant to General Assembly resolution 44/192 A which, *inter alia*, requested him to provide further information concerning problems related to overload posts and the proposed establishment of a support account for peace-keeping operations. Paragraphs 4 to 8 of the report summarize the Secretary-General's initial proposal for the establishment of a support account (A/C.5/44/45) and describe developments since that time, including the submission of a follow-up report to the Advisory Committee at its spring 1990 session. On the basis of that report (A/CN.1.R.1121), the Committee concurred in the interim establishment of a support account for peace-keeping operations, pending approval by the General Assembly on the arrangements to begin in 1991. As stated in paragraph 9 of the Secretary-General's report (A/45/493), the remainder of the report attempts to provide the additional information requested by both the General Assembly and the Advisory Committee.

11. With regard to the financing of the account, the Secretary-General stated in paragraph 13 that, "bearing in mind the Advisory Committee's observations on the matter", he "has given due consideration to all the possible means to bring about a fair and equitable methodology for the future financing of the support account".

12. As a result of such considerations, the Secretary-General proposed in paragraph 13 of his report that "beginning in 1991, the financing would be through the inclusion of a provision in each of the budgets of peace-keeping operations, in an amount equal to the average ratio in 1990 of the cost of overload posts to the cost of the civilian establishment in the mission areas, excluding the United Nations Transition Assistance Group (UNTAG). The Advisory Committee notes that the "proposed average ratio to be applied, beginning in 1991, in calculating the amounts to be included in each of the budgets of peace-keeping operations is 8.5 per cent of the cost (i.e., salaries, common staff costs and travel only) of the civilian component in the mission area of the respective peace-keeping operation". On that basis it is estimated that the level of the account would total approximately \$7 million gross (\$5.6 million net) at 1991 rates. The Advisory Committee notes that the Secretary-General considers the ratio appropriate "since it was derived from the aggregate cost of the existing overload posts, excluding UNTAG, expressed as a percentage of the aggregate cost of the civilian components in the mission areas".

13. As explained by the Secretary-General in paragraph 13 of his report, the ratio is based on five peace-keeping operations, three of which have military forces and two of which are observer missions; the civilian component differs in each case as to the number and grades of the staff members. Because of the dissimilar characteristics, the Secretary-General concluded that "the average ratio has a sound basis and should be proposed as a first step", it being understood that the ratio "will be subject to review and, if necessary, adjustment will be proposed within the context of reporting on the support account for peace-keeping operations". In this connection, the Secretary-General proposed that the financing method be reviewed at the end of the first two years, "in the light of the actual experience gained in the operation of the support account and taking into consideration the amounts made available to it from the budget proposals submitted in respect of the peace-keeping operations for consideration by the Advisory Committee and the General Assembly". In paragraph 4 of his report, the Secretary-General also proposed that "at the end of the financial period, any unencumbered balance would remain in the account for the purpose of providing assistance to the offices dealing with peace-keeping matters during periods of peak work-load, such as when new peace-keeping operations are being established".

14. The Advisory Committee has some reservations regarding the application of an "across the board" percentage in that this may not reflect the varied requirements of different peace-keeping operations, both current and future. Under the circumstances, the Committee takes note of the percentage recommended by the Secretary-General and believes that whatever percentage is approved by the General Assembly should be seen as a first step. The Advisory Committee understands that the "civilian establishment" referred to in paragraph 12 above does not include the civilian personnel referred to in paragraph 33 below.

15. The Committee intends to keep both the percentage approved by the General Assembly and the methodology on which it is based under review, and will recommend changes in methodology as necessary. In this connection, although the Secretary-General recommends that the financing method be reviewed at the end of the first two years, the Advisory Committee intends to request information regarding the support account, including data on the unencumbered balance, each time it examines proposals regarding the establishment and extensions of peace-keeping operations, thereby keeping the account under more frequent review. Likewise, should a peace-keeping operation terminate, the Advisory Committee would, in the context of its examination of the final performance report on that operation, examine the effect of that termination on the support account.

16. The criteria to be observed in the creation of all posts chargeable to the support account are provided in paragraph 16 of the Secretary-General's report; as indicated in paragraph 17, the approval of the Assistant Secretary-General for the Office of Programme Planning, Budget and Finance would be required for the creation of any post, subject to the prior concurrence of the Advisory Committee. All posts charged to the support account would be contained in the relevant sections and subsections of the proposed programme budget. The Advisory Committee notes the Secretary-General's statement in paragraph 17 of his report that "extreme care would be exercised in the application of all of these criteria" when considering proposals for the creation of posts to meet the additional work-load. In this connection, the Advisory Committee cautions the various offices concerned that the support account should not be misconstrued as a reserve fund whose sole purpose is to finance new posts as requested. Rather, it represents a mechanism for distributing the costs of overload posts among the peace-keeping operations and a means by which the flexible mobilization of overload posts among various offices can be achieved in response to changing requirements. The Advisory Committee therefore will review each request to ensure that, through the greater flexibility and efficiency which will be afforded by the establishment of this account, every effort has been made to achieve savings through consolidation of functions whenever possible.

17. The Advisory Committee understands that the account presently finances the current total of 92 overload posts, two of which are vacant. Of the remaining 90 posts, 49 are encumbered by staff members with permanent contracts; 41 are filled by staff with fixed-term contracts. The Committee was informed that, in the event peace-keeping operations are terminated and the support account is not able to fund the number of posts encumbered by staff members with permanent contracts, such individuals would be reassigned to other posts and other offices. Notwithstanding that statement, the Advisory Committee trusts that the Secretary-General will endeavour to maintain an appropriate mix/proportion of contractual arrangements so as to minimize potential problems in the reassignment of staff.

18. Bearing in mind its observations in the paragraphs above, the Advisory Committee recommends that the General Assembly approve the establishment of the support account for peace-keeping operations.

C. The feasibility and cost-effectiveness of a reserve stock of equipment and supply items for United Nations peace-keeping activities

19. The report of the Secretary-General (A/45/493/Add.1), which has been submitted pursuant to General Assembly resolution 44/192 A, attempts to expand on various elements of the Secretary-General's initial proposal to establish a reserve stock of equipment and supply items for United Nations peace-keeping activities which is contained in his report (A/44/605). In paragraph 28 of its related report (A/44/725), the Advisory Committee, in considering the Secretary-General's initial proposals, noted that it "[does] not believe that the Secretary-General [has] adequately addressed the question of the costs involved in the establishment of this reserve stock, including the locations for such stock, the physical facilities of storing such stock, and its maintenance and management". Consequently, the Advisory Committee requested the Secretary-General to develop the idea further for future consideration.

20. The Advisory Committee notes from paragraphs 3 and 4 of the report of the Secretary-General (A/45/493/Add.1) that, because the composition of recent peace-keeping operations has changed, with fewer calls for the rapid deployment of multi-battalion infantry forces, and, in the expectation that "this change in emphasis may continue", the Secretary-General has proposed "some slight modifications in the composition of items making up the reserve stock, but without any increase in the overall total of \$15 million or change in the general concept of how the reserve stock should be managed".

21. As stated in paragraph 5 of the Secretary-General's report, "the principal justification for establishing a reserve stock of commonly used equipment and supply items is to enable rapid deployment and start-up of the various components of a newly-established operation in its mission area". While recognizing some limitations of such a reserve stock in terms of quantity or in terms of fully matching requirements, the Secretary-General emphasized that the key element of such a stock is that it would "include sufficient commonly used items to permit the United Nations to act when directed, without first having to go out to procure even the most basic necessities. However, the reserve stock would not include items which are readily available off the shelf from suppliers".

22. As indicated in paragraph 6 of his report, the Secretary-General is also of the view that the existence of a reserve stock "will minimize the initial start-up costs for a new operation", i.e., the ready availability of items from the reserve stock will permit the use of the "most efficient and economical methods of transportation to a new mission area". The Secretary-General also points out that the Organization sometimes has to sacrifice economy and quality in order to ensure immediate delivery of urgently needed items. The existence of a reserve stock would reduce such practice.

23. A revised reserve stock list making up the \$15 million total is provided in paragraph 7 of the Secretary-General's report; as noted in paragraph 13, "the stock would consist only of new units and would be standardized to the extent possible". The Secretary-General also stated that "all existing and new peace-keeping

operations would be required to draw their current needs from the reserve stock and arrange for replacement items to be purchased, as new stock, from funds provided by the budget of the receiving mission, thus ensuring that the reserve stock always consisted of the most up-to-date items, in the best possible condition". Related to this is the fact that certain items may become obsolete or deteriorate if stored for an extended time.

24. The Secretary-General discussed storage locations in paragraphs 8 and 9 of his report, recalling that while the United Nations Supply Depot at Pisa, Italy, is available, "it may not be appropriate, or necessary, to store all items of a reserve stock at any single facility". Rather, for the reasons given, he suggested that it would be more advantageous to store certain items at other existing United Nations peace-keeping operations in the area.

25. The Advisory Committee notes from paragraph 15 of the Secretary-General's report that the reserve stock would be centrally controlled and managed from Headquarters, New York, and that such stock could only be issued upon receipt of a special authorization from Headquarters.

26. The Advisory Committee inquired about the financing of the \$15 million which, according to the Secretary-General (see para. 20 above), would be required to acquire the reserve stock outlined in his report (A/45/493/Add.1). In this connection, the Committee was informed that, although the least complicated procedure for the funding of the \$15 million would be through an assessment on Member States, a more acceptable approach would be for the stock to be funded from the unencumbered cash balance remaining in the UNTAG account.

27. For the reasons provided by the Secretary-General, the Advisory Committee, in principle, believes that the establishment of a reserve stock may be beneficial.

28. The Advisory Committee recalls that in General Assembly resolution 44/191 of 21 December 1989, the Assembly approved the Secretary-General's proposal for the disposition of UNTAG property in the manner set out in annex III, paragraph 4, to his report (A/44/856) and paragraph 10 of the Advisory Committee's report (A/44/875). Under the terms of this proposal:

"Equipment that conforms to established standardization or that is considered compatible to existing equipment or usable for future peace-keeping operations would be placed in reserve. Such equipment would include communications equipment, a limited number of vehicles, electronic equipment, office equipment, office furniture and stores items. As and when such equipment is drawn from the reserve stock, appropriate credit would be recorded in the UNTAG Special Account."

29. As indicated in paragraph 14 of its report (A/45/7), the Advisory Committee was provided with preliminary schedules of equipment to be disposed of in the manner agreed to by the General Assembly, the residual value of which was initially estimated at \$16.1 million. In examining the schedule of equipment to be held in reserve, the Committee notes that, in a number of instances, the equipment, particularly communication equipment, which the Secretary-General now indicates as necessary for the reserve stock appears to be available from the UNTAG reserve.

30. That being the case, the Advisory Committee believes that in many instances the requirements which would be met from the reserve now being proposed by the Secretary-General can be met from the UNTAG reserve, with the UNTAG account being credited as and when necessary from the account of the operation utilizing the equipment. Bearing in mind that not all the requirements of the reserve stock can be filled from the remaining UNTAG equipment, the Committee urges the Secretary-General to identify all possibilities for acquiring the necessary equipment through voluntary contributions, taking into account General Assembly resolution 44/49 of 8 December 1989, which, *inter alia*, requested the Secretary-General "to invite Member States, by means of a questionnaire, to identify those personnel, material and technical resources and services which they would be ready, in principle, to contribute to United Nations peacekeeping operations". The Advisory Committee also requests the Secretary-General to report to it at its spring 1991 session on the status of voluntary contributions.

D. Use of civilian personnel in peace-keeping operations

31. The Committee recalls, as indicated in paragraph 1 of the report of the Secretary-General (A/45/502), that the Secretary-General submitted the above-mentioned report at the request of the General Assembly in resolution 44/49 to undertake a study to identify those tasks and services which could be performed by civilian personnel in peace-keeping operations and to inform the Special Committee on Peace-keeping Operations accordingly. The Advisory Committee notes that the Secretary-General's report also addresses some of the administrative procedures and the terms and conditions that will cover participation of civilian personnel in United Nations peace-keeping operations pursuant to the request of the Assembly in resolution 44/192 A.

32. The Committee notes the statement in paragraph 2 of the report of the Secretary-General (A/45/502), that the Secretary-General's overall responsibility and authority in all operational and administrative areas cannot be delegated to non-United Nations personnel and "as a result the core civilian functions of a peace-keeping operation, including the political direction and the administration of an operation in the field in all its facets, must be performed by United Nations staff members". The Committee further notes that those civilian personnel made available by Governments who would have no contractual status with the United Nations would therefore be unable to perform core civilian functions such as political adviser, legal or certifying officer, whereas United Nations civilian personnel are subject to the United Nations rules and regulations. Considering the impact that this consideration would have on the potential use of civilian personnel, the Committee trusts that the Secretary-General will review and clearly specify functions which are deemed "core" on the basis of corresponding job descriptions and staffing tables.

33. The Advisory Committee had difficulty in fully understanding paragraph 3 of the Secretary-General's report. Upon inquiry, it was explained to the Committee that it was the intention to denote the three main categories of civilian personnel, which are as follows:



(a) Civilian personnel provided by Governments to the Secretary-General, at his request, performing tasks and services in substitution for United Nations staff or military personnel (see A/45/502, sect. II, paras. 4 and 5);

(b) Other groups of civilian personnel provided by Governments to the Secretary-General, at his request, performing certain functions for which military personnel would not be appropriate (see A/45/502, sect. III, paras. 6 and 7);

(c) Civilian employees of commercial contractors engaged by the Secretary-General, in certain circumstances, performing certain functions more cost-effectively than military personnel or United Nations staff (see A/45/502, sect III, paras. 9 and 10).

However, the Committee feels that, particularly in the case of peace-keeping operations, with a larger civilian component, it might be useful for the Secretary-General to request the Member States to provide additional civilian personnel in view of the overall programmatic and budgetary considerations.

34. According to paragraph 12 of the Secretary-General's report "Civilian personnel provided by Governments would have no contractual relationship with the United Nations. They would be placed at the disposal of, and under the authority of, the Secretary-General, following a formal request to their Government. The latter would provide the personnel either as a voluntary contribution or on the terms described in paragraph 14 below". As stated by the Secretary-General in paragraph 14 of his report, unless these personnel are provided without charge by the Government (i.e. as a voluntary contribution), the following considerations would apply:

(a) For larger groups of civilian personnel provided as self-contained organized units and substituting military units, contributing countries would be reimbursed at the standard rates for troop costs, with a differential for specialists as appropriate;

(b) Individuals or small non-organized groups of civilians would be paid their travel costs and a daily subsistence allowance by the United Nations; their basic salary and any allowances paid by the contributing countries would not be reimbursed.

35. The Committee has no objection, in principle, to the Secretary-General's proposal on the payment of civilian personnel in peace-keeping operations and reimbursement of contributing countries, as indicated in paragraph 14 of his report. However, the Committee points out that there may be small self-contained units of civilian personnel or larger groups of civilians not constituting an organized unit that would make the application of the above criteria rather difficult, especially if the services rendered are identical. The Advisory Committee therefore recommends that the policy and criteria of payment to civilian personnel and reimbursement of contributing countries should be kept under review, taking into account the operational requirements of the forthcoming peace-keeping operations. In this connection, the Committee recalled its recommendation in its

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report (A/44/725) that standard administrative procedures governing the provision of civilian personnel should be established which would serve, mutatis mutandis, as the basis for an agreement with contributing States.

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