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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST: UNITED NATIONS INTERIM FORCE IN LEBANON

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

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Interim Force in Lebanon (UNIFIL) (A/40/844). The Committee also considered the report of the Secretary-General on the review of rates of reimbursement to the Governments of troop-contributing States (A/40/845). Additional information was made available to the Committee by representatives of the Secretary-General.

Financing of UNIFIL

2. UNIFIL was established under Security Council resolution 425 (1978) of 19 March 1978 for an initial period of six months. UNIFIL's mandate has since been extended, most recently by Council resolution 575 (1985) of 17 October 1985, until 19 April 1986.

3. The report of the Secretary-General (A/40/844) includes sections on:

- (a) Commitments for the period from 19 April to 18 October 1985;
- (b) Cost estimate for the period from 19 October 1985 to 18 April 1986;
- (c) Cost estimate beyond 18 April 1986.

In addition, the Secretary-General reports on disbursements made and on obligations incurred for the period from 19 October 1984 to 18 April 1985, and the status of contributions (including his observations thereon). In paragraph 15 he summarizes the action that needs to be taken by the General Assembly at its current session regarding the financing of UNIFIL.

4. In its consideration of the report of the Secretary-General, the Advisory Committee bore in mind the request addressed to him by the General Assembly in section VI of resolution 39/71 A of 13 December 1984 to take all necessary action to ensure that UNIFIL is administered with maximum efficiency and economy.

5. The Secretary-General, in paragraph 4 of his report, states that as at 30 September 1985 he had received \$833.6 million in contributions for the operation of UNIFIL out of \$1,084.8 million apportioned among Member States for the periods from the inception of the Force on 19 March 1978 to 18 October 1985. According to the Secretary-General, the balance of \$251.2 million includes \$204.4 million apportioned to Member States that have stated that they do not intend to pay for UNIFIL and \$19.6 million transferred to a special account in accordance with General Assembly resolution 36/116 A of 10 December 1981. Thus, according to the Secretary-General, only \$27.2 million of the unpaid balance may be considered collectible at this time, leaving a shortfall of \$224 million. In paragraphs 6 and 7 of his report, the Secretary-General indicates that there has been no response to the appeal for voluntary contributions to UNIFIL made by the General Assembly in its resolution 39/71 A.

6. In paragraph 8, the Secretary-General states that the shortfall of \$224 million is 21 per cent of the total amounts apportioned among Member States to finance the costs of UNIFIL for the mandate periods from the inception of the Force on 19 March 1978 to 18 October 1985. According to the Secretary-General:

"... this situation continues to pose a very serious problem for the financial management of the Force. There are continuing difficulties in meeting the obligations of the Force on a current basis, particularly those due to the troop-contributing countries, payments to which have never been made on a current and full basis in accordance with rates agreed upon and are falling farther behind. These countries have conveyed again to the Secretary-General their very serious concern over this situation, which places a heavy burden on their Governments. So far, the Suspense Account established in accordance with General Assembly resolution 34/9 D has not achieved its purpose of alleviating this financial burden on the troop contributors. As mentioned in paragraph 7 above, the voluntary contributions credited to the Suspense Account amount to only \$18,356."

7. In a related matter, the Advisory Committee has been informed that the interim accounts for the biennium 1984-1985 indicate for the UNIFIL Special Account a "surplus" balance of \$8,868,174 as at 31 December 1984, representing excess of income over expenditure due to interest and miscellaneous credits accrued to the Account. The word "income" in the preceding sentence includes "assessed contributions" irrespective of collectibility. However, in consequence of the withholding of contributions by certain Member States, the surplus balance referred to has, in effect, been drawn upon to its full extent to supplement the income received from contributions for meeting expenses of the Force.

A. Commitments for the period from 19 April to 18 October 1985

8. In paragraph 10 of his report, the Secretary-General indicates the commitments entered into for UNIFIL for the mandate period from 19 April to 18 October 1985. These commitments were entered into with the concurrence of the Advisory Committee under the terms of section IV of General Assembly resolution 39/71 A. A breakdown of the commitments is given in annex I to the Secretary-General's report. The Advisory Committee recommends that the General Assembly should appropriate an amount of \$70,446,000 gross (\$69,445,998 net) corresponding to the commitments entered into for the mandate period from 19 April to 18 October 1985.

B. Cost estimate for the period from 19 October 1985 to 18 April 1986

9. The Secretary-General indicates in paragraph 11 of his report that the costs of UNIFIL for the six-month period from 19 October 1985 to 18 April 1986 are estimated at \$71,745,000 gross (\$70,575,000 net), based on an average Force strength of 5,860.

10. The Advisory Committee notes that this anticipated troop strength compares with a level of 5,550 used as the basis for the Secretary-General's estimates of costs for the mandate period ended 18 April 1985, and for the commitment limits for subsequent mandate periods referred to by the General Assembly in section IV of resolution 39/71 A. However, the actual level of the Force at 18 April 1985 was 5,830, and the level upon which the Secretary-General based his request to the Advisory Committee for commitment authority for the subsequent period from 19 April to 18 October 1985 was also 5,830 troops. Despite the difference between budgeted and actual troop strength, the amount requested and authorized for commitment for the mandate period ended 18 October 1985 was the same as that which had been authorized for the previous period (annex I of the Secretary-General's report). In this connection, the Committee, during its consideration in spring 1985 of the Secretary-General's request for the mandate period 19 April to 18 October 1985, had been informed by representatives of the Secretary-General that, as a consequence of the increase in Force strength, it would be necessary to allocate increased resources for such items as reimbursement to troop contributors, daily allowance to troops and rotation costs. The Committee was also informed that, in order to remain within the limits previously set by the General Assembly in resolution 39/71 A, it would also be necessary to reduce projected expenditures in other areas, particularly construction and adaptation of premises and purchase of transportation equipment, thus deferring these expenditures to a future period.

11. The Advisory Committee notes from annex I of the Secretary-General's report that the estimate for the current mandate period, on a net basis, is \$1,129,000 (1.6 per cent) more than the estimate for each of the two previous mandate periods. Bearing in mind what it had been told in spring 1985 (see para. 10 above), and in the light of the explanations of requirements under the various objects of expenditure (see annex II to the Secretary-General's report), the Advisory Committee has no objection to the estimate for UNIFIL for the current six-month mandate period.

12. On this basis, the Advisory Committee has, under the terms of section IV of General Assembly resolution 39/71 A, concurred with the request to enter into commitments for UNIFIL for the period from 19 October to 18 December 1985 in the amount of \$23,482,000 gross (\$23,148,666 net). This represents slightly less than a one-third share of the estimate for the entire six-month mandate period in order not to exceed the limits set by the Assembly in section IV of resolution 39/71 A. The Committee recommends that the General Assembly should appropriate this amount.

13. As for the remaining four months of the mandate (19 December 1985 to 18 April 1986), inasmuch as the Advisory Committee has no objection to the overall estimate for the entire mandate period (see para. 11 above), it recommends that the General Assembly should appropriate an amount of \$48,263,000 gross (\$47,426,334 net), representing the balance of the estimate for the entire six-month period. In administering this appropriation, the Secretary-General should have the usual flexibility to revise apportionments between objects of expenditure.

C. Cost estimate beyond 18 April 1986

14. In paragraph 13 of his report, the Secretary-General indicates that authority needs to be provided for him to enter into commitments for UNIFIL for the period beyond 18 April 1986, should the Security Council decide to renew the mandate of the Force beyond that date. The Secretary-General requests that he be authorized to enter into commitments for the period from 19 April to 18 December 1986 at a rate not to exceed \$11,957,500 gross (\$11,762,500 net) per month, that is, on the basis of the cost estimate for the preceding six-month period ending 18 April 1986. The Secretary-General's authority would be subject to obtaining the prior concurrence of the Advisory Committee for the actual level of commitments to be entered into for each mandate period that may be approved subsequent to 18 April 1986. Taking into account what it has stated in paragraph 11 above with regard to the estimate of requirements for the period ending 18 April 1986, the Committee recommends approval of the Secretary-General's request.

15. The Advisory Committee notes that in paragraph 14 of his report the Secretary-General indicates the procedures which he intends to follow should future decisions of the Security Council entail costs exceeding the limits authorized by the General Assembly.

Review of rates of reimbursement

16. The report (A/40/845) has been submitted pursuant to the request of the General Assembly in its resolution 39/70, that the Secretary-General review the existing standard rates of reimbursement to the Governments of troop-contributing States, with a view to ensuring an equitable rate of reimbursement. As indicated in paragraph 2 of the report, standard rates of reimbursement for pay and allowances of troops were first established by the General Assembly in 1974 at its twenty-ninth session. They were revised by the General Assembly in 1977 at the thirty-second session, and in 1980 at the thirty-fifth session. As indicated in paragraph 3 of the Secretary-General's report, the General Assembly, in 1975, at its thirtieth session, approved the principle of reimbursing troop-contributing countries for the usage factor for personal clothing, gear and equipment. The reimbursement rate subsequently negotiated by the Secretary-General has remained unchanged.

17. The Advisory Committee notes the conclusion of the Secretary-General in paragraph 12 that

"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".

18. The Committee also notes the statement in paragraph 15 that

"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."
