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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES
IN THE MIDDLE EAST

United Nations Disengagement Observer Force

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

I. INTRODUCTION

1. The Advisory Committee on Administrative and Budgetary Questions has considered three reports of the Secretary-General on the financing of the United Nations Disengagement Force (UNDOF) (A/42/642), the United Nations Interim Force in Lebanon (UNIFIL) (A/42/692) and the Review of the rates of reimbursement to the Governments of troop-contributing States (A/42/374). During its consideration of the items, additional information was provided to the Advisory Committee by the representatives of the Secretary-General.

2. The comments and recommendations of the Advisory Committee on UNDOF are contained in section II below, while UNIFIL is dealt with in section III. The review of the rates of reimbursement to the Governments of troop-contributing States is discussed in section IV. In its consideration of the reports of the Secretary-General, the Advisory Committee bore in mind the requests of the General Assembly in resolution 41/44 A, section IV, paragraph 2, of 3 December 1986, and resolution 41/179 A, section VI, of 5 December 1986, that the Secretary-General should take all necessary action to ensure that both UNDOF and UNIFIL are administered with maximum efficiency and economy.

II. UNITED NATIONS DISENGAGEMENT OBSERVER FORCE

3. UNDOF was established by Security Council resolution 350 (1974) of 31 May 1974; its mandate has since been extended, most recently by Security Council resolution 596 (1987) of 29 May 1987 for another period of six months, that is, until 30 November 1987.

4. The report of the Secretary-General includes sections on the following:

(a) Expenditure and revised apportionment for periods from 1 December 1985 to 30 November 1987;

(b) Cost estimates beyond 30 November 1987.

Details on (a) and (b) above are provided in annexes I and II to the report. In addition, the status of contributions to UNDOF is reported in paragraphs 4 to 7. Actions that need to be taken by the General Assembly at its current session in respect of the financing of UNDOF are summarized in paragraph 11 of the report.

5. In paragraph 4 of his report, the Secretary-General states that, as at 30 September 1987, a total of \$736 million in contributions for UNDOF and the United Nations Emergency Force (UNEF) had been received for the period from inception to 30 November 1987. The table in paragraph 7 of the report shows that, as at 30 September 1987, the balance due from Member States amounts to \$72.5 million, of which only \$5 million is estimated to be collectible. The balance of \$67.5 million comprises amounts apportioned to Member States that have withheld their payment for UNDOF (\$31.5 million) and amounts transferred to a special account in accordance with General Assembly resolution 36/116 A of 10 December 1981 (\$36 million). In this connection, the Secretary-General draws attention in paragraph 7 to the fact that

"there is a shortfall of approximately \$7.9 million in the UNDOF Special Account in respect of the periods from 25 October 1979 to 30 November 1987. The shortfall arising from the previous periods of UNDOF up to 24 October 1979 together with UNEF until its liquidation in 1980 is estimated at \$59.6 million. In the circumstances, troop contributors have not been paid on time; moreover, they have not been reimbursed fully in accordance with rates agreed upon. They have continued to convey to the Secretary-General their very serious concern over this situation, which places a heavy burden on their Governments".

6. On a related matter, the Advisory Committee was informed that the interim accounts for the biennium 1986-1987 indicate that the Special Account for UNEF and UNDOF shows a "surplus" balance of \$1,331,921 as at 31 December 1986, representing excess of income over expenditures due to interest and miscellaneous credits accrued to the account. According to the Secretary-General, the word "income" in the preceding sentence includes "assessed contributions", irrespective of collectibility. However, as a 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 forces. In this connection, in the context of its 1988 examination of the Secretary-General's reports on the financing of UNDOF and UNIFIL, the Advisory Committee intends to review in detail the operation and management of the UNDOF and UNIFIL Special Accounts from inception to the present time.

A. Expenditure of UNDOF from 1 December 1985 to 30 November 1987

7. The disbursements and obligations for UNDOF for this 24-month period are discussed in section III and annex I of the report of the Secretary-General.

8. The following table shows disbursements and obligations (shown below and in the report of the Secretary-General as "revised apportionment") for the 12-month period from 1 December 1986 to 30 November 1987 as compared with initial allocations prepared by the Secretary-General to accord with amounts approved for UNDOF by the General Assembly at its forty-first session.

United Nations Disengagement Observer Force (UNDOF)

Revised apportionment and initial allocation for the period from
 1 December 1986 to 30 November 1987

(Thousands of United States dollars)

	<u>Revised apportionment</u>	<u>Initial allocation</u>	<u>Increase (decrease)</u>
1. <u>Local area and backstopping costs</u>			
(a) United Nations daily allowance to troops	623	623	-
(b) Salaries and related costs of staff	3 685	3 618	67
(c) Travel and subsistence of military personnel	51	47	4
(d) Rations	1 704	1 694	10
(e) Rental, maintenance, utilities and construction of premises	1 954	1 745	209
(f) Rental of aircraft	-	3	(3)
(g) Communications	18	20	(2)

	<u>Revised apportionment</u>	<u>Initial allocation</u>	<u>Increase (decrease)</u>
2. <u>Force-wide equipment and supplies</u>			
(a) Purchase of transportation equipment	674	717	(43)
(b) Purchase of other equipment	948	1 123	(175)
(c) Maintenance and operation of motor transport and other equipment	2 646	2 638	8
(d) Supplies and services	1 863	1 850	13
(e) Freight, cartage and express ...	178	200	(22)
(f) Reimbursement for depreciation of contingent-owned equipment ..	1 183	1 033	150
3. <u>Rotation of contingents</u>	1 071	1 400	(329)
4. <u>Death and disability awards</u>	400	280	120
5. <u>Welfare</u>	253	260	(7)
6. <u>Payment for troop costs</u>			
(a) Pay and allowance for troops....	15 848	15 848	-
(b) Usage factor for personal clothing, gear and equipment ...	1 121	1 121	-
7. <u>Staff assessment</u>	<u>580</u>	<u>580</u>	<u>-</u>
Total, lines 1-7	34 800	34 800	-
8. <u>Income from staff assessment</u>	580	580	-
9. <u>Other income</u>	20	20	-
10. <u>Total net</u>	<u>34 200</u>	<u>34 200</u>	<u>-</u>

B. Cost estimate for UNDOF beyond 30 November 1987

9. In section IV and annex II to his report the Secretary-General indicates that, should the Security Council renew the mandate of UNDOF beyond 30 November 1987 (see para. 3 above), the costs would be in the order of \$2,944,000 gross (\$2,893,000 net) per month from 1 December 1987 onwards. This estimate assumes an average force strength of 1,327 troops, all ranks, and also assumes that the existing responsibilities of UNDOF will continue.

10. The following table provides a comparison between the revised apportionment from 1 December 1986 to 30 November 1987 and estimates of the cost of UNDOF from 1 December 1987 to 30 November 1988.

United Nations Disengagement Observer Force (UNDOF)

Cost estimate from 1 December 1987 to 30 November 1988 and revised apportionment from 1 December 1986 to 30 November 1987

(Thousands of United States dollars)

	<u>1987/1988</u> <u>estimate</u>	<u>1986/1987</u> <u>revised</u> <u>apportionment</u>	<u>1987/1988</u> <u>increase</u> <u>(decrease)</u>
1. <u>Local area and backstopping costs</u>			
(a) United Nations daily allowance to troops	625	623	2
(b) Salaries and related costs of staff	3 936	3 685	251
(c) Travel and subsistence of military personnel	50	51	(1)
(d) Rations	1 730	1 704	26
(e) Rental, maintenance, utilities and construction of premises ...	2 060	1 954	106
(f) Rental of aircraft	3	-	3
(g) Communications	20	18	2

	<u>1987/1988</u> <u>estimate</u>	<u>1986/1987</u> <u>revised</u> <u>apportionment</u>	<u>1987/1988</u> <u>increase</u> <u>(decrease)</u>
2. <u>Force-wide equipment and supplies</u>			
(a) Purchase of transportation equipment	589	674	(85)
(b) Purchase of other equipment	983	948	35
(c) Maintenance and operation of motor transport and other equipment	2 855	2 646	209
(d) Supplies and services	1 852	1 863	(11)
(e) Freight, cartage and express ...	200	178	22
(f) Reimbursement for depreciation of contingent-owned equipment ..	1 104	1 183	(79)
3. <u>Rotation of contingents</u>	1 100	1 071	29
4. <u>Death and disability awards</u>	400	400	-
5. <u>Welfare</u>	760	253	7
6. <u>Payment for troop costs</u>			
(a) Pay and allowance for troops ...	15 848	15 848	-
(b) Usage factor for personal clothing, gear and equipment ...	1 121	1 121	-
7. <u>Staff assessment</u>	<u>592</u>	<u>580</u>	<u>12</u>
Total, lines 1-7	<u>35 328</u>	<u>34 800</u>	<u>528</u>
8. <u>Income from staff assessment</u>	592	580	12
9. <u>Other income</u>	<u>20</u>	<u>20</u>	<u>-</u>
10. <u>Total net</u>	<u>34 716</u>	<u>34 200</u>	<u>516</u>

11. As can be seen from the table above, the total increase, on a net basis, in 1987/1988 is \$516,000 or 1.5 per cent. In annex II, paragraph 3, the Secretary-General proposes that the UNDOF staffing table should comprise 155 posts, unchanged from 1986/1987 (8 at the Professional level and above, 10 General Service, 31 Field Service and 106 Local level).

12. The Advisory Committee notes the decreases and increases indicated for various objects of expenditure in the table following paragraph 10 above and the reasons given by the Secretary-General in annex II of his report.

13. The Advisory Committee recommends that the estimate of the Secretary-General for the cost of UNDOF in 1987/1988 should be approved. Subject to the decisions to be taken by the Security Council on the renewal of the mandate of UNDOF after 30 November 1987 (see para. 3 above), requirements for UNDOF for the 12-month period from 1 December 1987 to 30 November 1988 should not exceed \$35,328,000 gross (\$34,716,000 net). The Committee recommends further that the Secretary-General should be permitted the usual flexibility to transfer credits between items of expenditure, should that be necessary in the interest of good management and efficiency.

III. UNITED NATIONS INTERIM FORCE IN LEBANON

14. UNIFIL was established under Security Council resolution 425 (1978) of 19 March 1978 for an initial period of six months and has since been extended, most recently by Council resolution 599 (1987) of 31 July 1987, under which the mandate of UNIFIL was extended until 31 January 1988.

15. The report of the Secretary-General includes sections on:

- (a) Commitments for the period 19 January 1987 to 31 January 1988;
- (b) Cost estimate for the 12-month period beginning 1 February 1988.

Details on (a) and (b) above are provided in annexes I and II of document A/42/692. Additionally, the status of contributions to UNIFIL is reported in paragraphs 4 to 8 of the Secretary-General's report. In paragraphs 11 to 13 the Secretary-General discusses the financial administration of UNIFIL. In paragraph 16 the Secretary-General summarizes the actions that need to be taken by the General Assembly at its forty-second session regarding the financing of UNIFIL.

16. The Secretary-General, in paragraph 4 of his report, states that as at 30 September 1987, he had received \$1,071.9 million in contributions for the operation of UNIFIL, out of \$1,410.6 million apportioned among Member States for the periods from the inception of the Force on 19 March 1978 to 31 January 1988. According to the Secretary-General, the balance of \$338.7 million includes \$224.5 million apportioned to Member States that have withheld payment 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, only \$94.6 million of the unpaid balance may be considered collectible at this time, leaving a shortfall of

\$244.1 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 41/179 A, section V, paragraph 1; however, voluntary contributions in cash totalling \$34,356 have been received as at 30 September 1987 from Member States in response to paragraph 2 of the same resolution.

17. In paragraph 8, the Secretary-General states that, as a consequence of the shortfall of \$244.1 million,

"UNIFIL is unable to meet its obligations 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 established by the General Assembly. The troop-contributing countries have continued to convey to the Secretary-General their very serious concern about 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 \$34,356."

18. On a related matter, the Advisory Committee has been informed that the interim accounts for the UNIFIL Special Account indicate a "surplus" balance of \$6,845,651 as at 30 June 1987 for the periods 19 October 1985 to 18 January 1987, 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, as a consequence of the withholding of contributions by certain Member States, the surplus balance referred to has, in effect, been drawn upon to the full extent to supplement the income received from contributions for meeting expenses of the Force. (See para. 6 above for additional comments by the Advisory Committee regarding a review of Special Accounts.)

A. Commitments for the period from 19 January 1987
to 31 January 1988

19. In paragraph 9 of his report, the Secretary-General indicates the commitments entered into for UNIFIL for the mandate period from 19 January 1987 to 31 January 1988. The Advisory Committee understands that the extension of the mandate period for 12 months and 13 days relates to a recommendation of the Secretary-General to the Security Council (S/18581) that mandates should be extended until the end of a calendar month in the interest of administrative efficiency and in order to reduce the work-load involved in adjusting the accounts at the end of each mandate. 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 \$145,500,000 gross (\$143,064,000 net), corresponding to the commitments entered into for the mandate period from 19 January 1987 to 31 January 1988.

B. Cost estimate for the 12-month period beginning
1 February 1988

20. In paragraphs 11 to 13 of his report, the Secretary-General discusses the financial administration of UNIFIL and proposes that, "in the interest of administrative efficiency, ... [and] effective from 1 February 1988, the special financial period of UNIFIL be for periods of 12 calendar months, that is, from 1 February of one year to 31 January of the next year".

21. The Advisory Committee inquired as to the choice of 1 February of one year to 31 January of the following year as the basis for the UNIFIL financial period and was informed that, in the normal course of events, future extensions of the UNIFIL mandate (which expires on 31 January 1988) will be for six-month periods, that is, to 31 July and then to 31 January of the following year. In the event that a financial period were to be established for UNIFIL which did not coincide with the ending of a mandate period, the administrative efficiency anticipated by extending the financial period to 12 months would be reduced because of difficulties that would result from having to apportion the expenses of a particular mandate between two different financial periods. In this connection, the Advisory Committee notes that since 1981, UNDOF has had a 12-month financial period, which runs from 1 December of one year to 30 November of the following year.

22. The Advisory Committee was also informed that the proposed 12-month financial period would not change the manner in which Member States are currently assessed for the expenses of the Force. The Committee understands that Member States would continue to be assessed at the beginning of each mandate period, in accordance with decisions of the Security Council and the financing authority given to the Secretary-General by the General Assembly. On this basis, the Advisory Committee has no objection to the Secretary-General's proposal.

23. Accordingly, in paragraph 14 of his report, the Secretary-General indicates that authority needs to be provided for him to enter into commitments for UNIFIL for the 12-month period beginning 1 February 1988. The Secretary-General states that the costs of UNIFIL for the 12-month period beginning 1 February 1988 are estimated at \$141,180,000 gross (\$139,416,000 net), based on an average Force strength of 5,850 troops. The Advisory Committee notes that this anticipated troop strength compares with a level of 6,000 used as the basis for the Secretary-General's estimates of costs for the mandate period ending 31 January 1988. The Committee further notes that the estimate for the 12-month period beginning 1 February 1988, on a net basis, is \$3,648,000 (2.5 per cent) less than the estimate for the previous mandate period of 12 months and 13 days. A breakdown of the various objects of expenditure is provided in annex II of the Secretary-General's report. The Advisory Committee takes note of the increases and decreases in the annex as well as the reasons provided therefor.

24. Taking into account that stated in paragraph 2 above, the Advisory Committee recommends approval of the Secretary-General's estimate. However, as stated in its previous report (A/41/820), the Committee continues to believe that commitment authority should continue to be expressed as a monthly amount rather than as a lump sum for an entire 12-month period. Therefore, the Advisory Committee recommends

that the General Assembly approve commitment authority up to the level of \$11,765,000 gross (\$11,618,000 net) per month for the 12-month period beginning 1 February 1988.

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

IV. REVIEW OF THE RATES OF REIMBURSEMENT TO THE GOVERNMENTS OF THE TROOP-CONTRIBUTING STATES

26. The above-mentioned report (A/42/374) has been submitted pursuant to the request of the General Assembly in its resolution 40/247 of 18 December 1985 that the Secretary-General review the existing standard rates of reimbursement to the Governments of troop-contributing States if the current rates appreciably affected the absorption factor of two or more of the troop-contributing States in the light of inflation and currency-exchange fluctuations or other factors. The Assembly had also requested the Secretary-General to report to it on this matter at least once every two years.

27. The Advisory Committee notes the conclusion of the Secretary-General in paragraph 7 of A/42/374 that

"it would appear that the current rates are not unreasonable and, therefore, would not warrant an adjustment at this stage. ... [I]t is proposed that the current standard rates of reimbursement ... be retained until a further review is conducted. It was noted, however, that as a consequence of the continuing shortfall in the receipt of assessed contributions to the peace-keeping special accounts, troop-contributing States were not being reimbursed on a current basis or to the full extent of the established rates."
