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

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

Report of the Secretary-General

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I. INTRODUCTION

1. The General Assembly, in its resolution 42/224 of 21 December 1987, decided, inter alia, that the rates of reimbursement to the Governments of troop-contributing States should be reviewed by the Secretary-General, in consultation with the troop-contributing States, if, in the light of inflation and currency-exchange fluctuations or other factors brought to the attention of the Secretary-General, the current rates appreciably affected the absorption factor of two or more of the troop-contributing States. In addition, the Assembly requested the Secretary-General to report on the matter at least once every two years. The present report is submitted in accordance with that request.

2. Standard rates of reimbursement were initially established by a decision of the General Assembly at the 2303rd plenary meeting, on 29 November 1974, its twenty-ninth session (A/29/PV.2303). These standard rates fixed, on the basis of equality of treatment, the level of reimbursement to be made to Governments of troop-contributing States for the costs incurred by them in providing troops for service in the United Nations peace-keeping forces. The rates of reimbursement, which became effective on 25 October 1973, were reviewed in 1977, 1980, 1985, 1987 and 1989, and were revised in 1977 and 1980. The latest revision of these rates was in accordance with paragraph 6 of General Assembly resolution 45/258 of 3 May 1991, whereby the Assembly decided that, as an interim measure, the standard rates of reimbursement to the Governments of troop-contributing States should be increased by 4 per cent beginning 1 July 1991. A review of the background and development of reimbursement to Member States contributing troops to peace-keeping operations was provided in document A/44/605/Add.1 of 12 October 1989.

3. The current rates are as follows:

- (a) \$988 per person per month for pay and allowances for all ranks;
- (b) \$291 per person per month as supplementary payment for specialists, comprising 25 per cent of logistics contingents and 10 per cent for other contingents;
- (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.

4. The rates became applicable to the following United Nations peace-keeping operations on 1 July 1991, namely, the United Nations Disengagement Observer Force (UNDOF), the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Iraq-Kuwait Observation Mission (UNIKOM). Those rates have also been applied to the newly established United Nations peace-keeping operations since their inception, namely, the United Nations Mission for the

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Referendum in Western Sahara (MINURSO), the United Nations Advance Mission in Cambodia (UNAMIC), the United Nations Transitional Authority in Cambodia (UNTAC), the United Nations Protection Force (UNPROFOR) and the United Nations Operation in Somalia (UNOSOM).

II. CONSIDERATIONS

5. The introduction of standard rates of reimbursement established the amounts payable, on an equal basis, to Governments for their troops, which serve side-by-side in the peace-keeping forces. In the initial study of the matter, on the basis of which the standard rates of reimbursement were established in 1973, the following three points were considered:

(a) Troops serving side-by-side should be reimbursed on the same basis for identical services;

(b) No Government should receive a higher reimbursement than its actual cost, that is, no Member State should "profit" from its participation in the force;

(c) Some Governments would not be fully reimbursed based on any standard cost-reimbursement formula, but should receive at least that which was paid as actual overseas allowance.

6. The five prior reviews of the rates of reimbursement, which have been undertaken since their establishment, have indicated that there are wide variations in troop costs among the Governments providing troops to the peace-keeping forces. Therefore, the current standard rates of reimbursement do not fully compensate all Governments for their troop costs. That portion of the costs which is not compensated for by the standard rates of reimbursement and which is absorbed by the respective troop-contributing States is referred to as the absorption factor.

7. In 1980, the cost to the troop-contributing States for pay and allowances for troops, when compared with the reimbursements made by the United Nations, showed that the overall average absorption factor among the troop-contributing States was 45.9 per cent. The 1985 review showed a decrease in the absorption factor to 34.3 per cent, while the 1987 review indicated that the overall average absorption factor had increased to 46.3 per cent. The last review undertaken in 1989 showed that the overall average absorption factor had decreased to 23.3 per cent. Owing to the skewed distribution of the individual absorption factors, if consideration were given to the elimination of the highest and lowest absorption factors, the resulting overall average for that period would have been 49.3 per cent.

III. TROOP COSTS

8. For the purpose of the present review of the rates of reimbursement, cost information based on military salary scales in effect as of December 1991 was requested from 57 Member States, of which 17 were providing troops to United Nations peace-keeping operations and the remaining 40 were providing military observers only. It should be noted that 16 of the 17 States providing troops were also providing military observers. Therefore, cost data questionnaires were sent to all States contributing military personnel, that is, both troops and military observers, to all established peace-keeping missions as at December 1991. Questionnaires were not sent to the Member States who began participating in United Nations peace-keeping operations after December 1991.

9. Of the 57 Member States surveyed, 20 replies were received. Of the 20 States replying, 11 were providing troops to the peace-keeping operations in December 1991. Of those 11, the standard rates of reimbursement were not applicable to two, and therefore the analysis was limited to cost information provided by the remaining nine States.

10. Annex I lists the 57 States contributing military personnel to United Nations peace-keeping operations as at 31 December 1991. The annex indicates also the 13 States that had been surveyed in 1989.

11. The results of the analyses of the cost information provided by the nine troop-contributing States referred to in paragraph 8 above are set out in annexes II and III to the present report. The conversion of the cost data provided by the Member States from national currencies to United States dollars was based on the December 1991 United Nations operational rates of exchange.

12. Annex II, column (1) 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). Column (2) shows the corresponding overseas allowance that is included in the data shown in column (1). Column (3) shows the United Nations reimbursement in respect of pay and allowances of troops comparable with column (1). Column (4) indicates the corresponding absorption factor, expressed as a percentage, that is, the portion of cost not reimbursed to Governments. From the distribution, it may be seen that the reported average cost for pay and allowances of troops in December 1991 ranged between \$797 and \$9,845 per person per month, with an overall average of \$4,559 and a median of \$4,217. The comparable overall average cost from the 1989 survey was \$2,297 and the median cost was \$2,356.

13. Annex III 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 factor, indicating the percentage of the costs to each of the troop-contributing States not covered by the current rate of reimbursement of \$70. The reported average cost per person per month in December 1991 ranged from \$67 to \$354, with an overall average cost of \$221 and a median cost of \$195.

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14. Annex IV lists the individual as well as the average absorption factors borne by the troop-contributing Governments in respect of pay and allowances only, for the years 1980, 1984, 1986, 1988 and 1991. The absorption factors shown in the annex for each of the five years represent those portions of the costs for pay and allowances, including overseas allowances, paid to the troops by the troop-contributing States, which are in excess of the current reimbursement levels. The distribution in 1991 indicates a range of absorption factors from a high of 89.2 per cent to a low of minus 33.1 per cent with an overall average of 63.3 per cent and a median of 74.8 per cent.

15. The results of the analyses of the cost information provided by the 11 Member States that have responded to the 1991 questionnaire and are currently providing military personnel (other than troops) to United Nations peace-keeping operations are set out in annex V. It indicates that the average total cost incurred by those States for providing military personnel (other than troops) amounted to \$2,796 per person per month. It should be noted that those military personnel all have officers rank.

IV. CONCLUSIONS

16. As shown in annex IV, the overall average absorption factor for 1991 has shown an increase over that of 1988. It may be noted, however, that no clear-cut conclusion can be drawn, since the composition and ranking of troop-contributing States for both years are not the same. In addition, the format of the questionnaire for 1991 had been revised to identify the separate cost elements of troop costs and verification of the answers received is still pending.

17. As regards consideration that the rates of reimbursement should reimburse all troop-contributing States at least the actual overseas allowance paid to their troops, it should be noted from the distribution shown in column (2) of annex II, when compared with column (3), that three of the nine States are not being fully reimbursed for overseas allowance. The overall average overseas allowance (excluding salary) paid by the troop-contributing States to their troops amounted to \$865 and the average United Nations reimbursement for troop costs (including basic pay and supplementary allowance for a limited number of specialists) amounted to \$1,048.

ANNEX I

Summary of States providing military personnel to United
Nations peace-keeping operations as at 31 December 1991
and replies received

States	Troops <u>b/</u>	Other military personnel	Replies received
1. Algeria		X	
2. Argentina		X	
3. Australia	X <u>c/</u>	X	X
4. Austria	X	X	X
5. Bangladesh		X	X
6. Belgium		X	
7. Brazil		X	
8. Canada <u>a/</u>	X	X	X
9. Chile	X	X	
10. China		X	
11. Congo		X	
12. Colombia		X	X
13. Czechoslovakia		X	
14. Denmark	X <u>d/</u>	X	X
15. Ecuador		X	
16. Egypt		X	
17. Fiji <u>a/</u>	X	X	
18. Finland <u>a/</u>	X	X	X
19. France <u>a/</u>	X	X	X
20. Germany		X	X
21. Ghana <u>a/</u>	X	X	
22. Greece		X	
23. Guinea		X	
24. Guinea-Bissau		X	
25. Hungary		X	
26. India		X	
27. Indonesia		X	
28. Ireland <u>a/</u>	X	X	
29. Italy <u>a/</u>	X	X	X
30. Jordan		X	X

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States	Troops <u>b/</u>	Other military personnel	Replies received
31. Kenya		X	
32. Malaysia		X	
33. Morocco		X	X
34. Nepal <u>a/</u>	X		
35. Netherlands		X	X
36. New Zealand <u>a/</u>		X	
37. Nigeria		X	
38. Norway <u>a/</u>	X	X	X
39. Pakistan		X	
40. Peru		X	
41. Poland <u>a/</u>	X	X	X
42. Romania		X	X
43. Russian Federation		X	
44. Senegal		X	
45. Singapore		X	
46. Spain		X	X
47. Sweden <u>a/</u>	X	X	X
48. Switzerland	X	X	X
49. Thailand		X	
50. Tunisia		X	X
51. Turkey		X	
52. United Kingdom	X <u>d/</u>	X	
53. United States		X	
54. Uruguay		X	
55. Venezuela		X	
56. Yugoslavia		X	
57. Zimbabwe	—	<u>X</u>	—
Count	<u>17</u>	<u>56</u>	<u>20</u>

a/ Troop-contributors surveyed for the 1989 review.

b/ Standard rates of reimbursement applicable for troop costs except otherwise shown.

c/ No reimbursement requested.

d/ Reimbursement of extra and extraordinary expenses requested.

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ANNEX II

Average troop cost, per person per month (pppm) reported by the troop-contributing States for pay and allowances, United Nations reimbursement to troop-contributing States and the corresponding absorption factor in December 1991

(United States dollars)

	Troop contributor's average cost for pay and allowances including overseas allowance, ppm <u>a/</u>	Troop contributor's average cost, ppm for overseas allowance only	United Nations reimbursement to troop contributor for troop cost, ppm	Absorption factor (Percentage)
	(1)	(2)	(3)	(4)
	797	300	1 061	(33.1)
	2 457	467	1 017	58.6
	3 138	1 713 <u>b/</u>	1 017	67.6
	3 249	346	1 061	67.4
	4 217	862	1 061	74.8
	5 223	305	1 061	79.7
	5 473	1 348 <u>b/</u>	1 029	81.2
	6 632	2 446 <u>b/</u>	1 061	84.0
	9 845	0	1 061	89.2
Average	4 559	865	1 048	63.3
Median	4 217			74.8

a/ Listed in ascending order of magnitude.

b/ Overseas allowances exceed standard rates of reimbursement.

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ANNEX III

Average troop cost, per person per month (pppm), reported by the troop-contributing States for the usage factor for personal clothing, gear and equipment, and personal weaponry (including ammunition), and the absorption factor at the current reimbursement rate (US\$ 70) in December 1991

Each troop contributor's average cost, ppm a/ (United States dollars)		Absorption factor (Percentage)
	67	(3.7)
	93	24.9
	169	58.7
	192	63.5
	195	64.2
	302	76.8
	308	77.2
	313	77.6
	354	80.2
Average	221	57.7
Median	195	64.2

a/ Listed in ascending order of magnitude.

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ANNEX IV

Summary of absorption factors a/

Absorption factor

(Percentage)

(In ascending order of magnitude)

	1980 <u>b/</u>	1984 <u>b/</u>	1986 <u>b/</u>	1988 <u>b/</u>	1991 <u>c/</u>
	18.6	(38.2)		(264.5)	
	24.7	11.7	(37.0)	(26.9)	
	37.1	13.6	35.2	51.6	(33.1)
	37.8	18.6	37.2	52.7	58.6
	40.4	28.8	42.5	55.3	67.4
	48.0	38.8	50.2	58.5	67.6
	49.7	48.8	56.4	58.7	74.8
	52.3	50.9	59.8	60.0	79.7
	57.9	61.9	67.3	65.6	81.2
	68.9	70.7	71.1	67.9	84.0
	69.5	72.2	80.4	76.9	89.2
Average	45.9	34.3	46.3	23.3 <u>d/</u>	63.3
Median	48.0	38.8	53.3	58.5	74.8

a/ Inclusive of overseas allowance.

b/ At the previous standard per person monthly reimbursement rate of \$950 plus \$280 for a limited number of specialists.

c/ At the current standard per person monthly reimbursement rate of \$988 plus \$291 for a limited number of specialists.

d/ The overall average absorption factor, after eliminating the highest and lowest absorption factors, is 49.3 per cent.

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ANNEX V

Average costs per person per month reported by Governments for
maintaining other military personnel assigned to United Nations
peace-keeping operations

(United States dollars)

<u>Average salary</u>				<u>Usage factor for personal clothing, gear and equipment</u>		Additional expenses borne by Government in preparing troops for tour of duty with United Nations peace-keeping operation	Total costs <u>a/</u>
Paid while in the home country	Additional payment while assigned to United Nations peace-keeping mission	Local	Overseas	Issued for service in home country	Additional items issued for tour of duty with United Nations peace- keeping mission		
45		51	193	31	16	48	384
193				14	62	273	542
212		381	172	204	68		1 037
189			1 033	104	48		1 374
35	633	152	1 045	19	17	2	1 903
1 148		124	1 056	227	137		2 692
279			2 343	142			2 764
2 467		161	423	230	147	169	3 597
1 636			1 626	139	97	656	4 154
2 914		441	862		169		4 386
1 292		1 393	4 260	94	339	541	7 919
Average 946	633	386	1 301	120	110	282	2 796
Median							2 692

a/ Listed in ascending order of magnitude.