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

United Nations Disengagement Observer Force

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 reports of the Secretary-General on the financing of the United Nations Disengagement Observer Force (UNDOF) (A/35/585 and Corr.1-3) and on the review of the rates of reimbursement to the Governments of troop-contributing States (A/C.5/35/38). Additional information was made available to the Advisory Committee by representatives of the Secretary-General.

I. FINANCING OF UNDOF

2. UNDOF was established by Security Council resolution 350 (1974), and has since been extended, most recently by Security Council resolution 470 (1980) of 30 May 1980 for a period of six months until 30 November 1980.
3. The report of the Secretary-General (A/35/585 and Corr.1-3) can be divided into two parts:
 - (a) Expenditures of UNDOF from 25 October 1979 to 30 November 1980 inclusive;
 - (b) Cost estimates for UNDOF beyond 30 November 1980.

In addition, the Secretary-General reports on the status of contributions and the financial administration of UNDOF. In paragraph 13 of his report, the Secretary-General summarizes the actions which need to be taken by the General Assembly at its current session as regards the financing of UNDOF. Details on items (a) and (b) above are provided in annexes I and II, respectively, to the Secretary-General's report.

4. In paragraph 4 of his report, the Secretary-General states that, as at 30 September 1980, a total of \$19.4 million in contributions for UNDOF had been received for the period 25 October 1979 to 30 November 1980 inclusive. According to the Secretary-General, the balance due from Member States for this period amounts to \$7.6 million, of which \$0.8 million comprises amounts apportioned among Member States which have stated that they do not intend to pay for UNDOF. As indicated by the Secretary-General in paragraph 7 of his report:

"The shortfall of previous periods of UNDOF together with UNEF /United Nations Emergency Force/ is now estimated at \$54.5 million. In the circumstances, payments to troop contributors have not been made on time; moreover, they have not been reimbursed fully in accordance with rates agreed upon. They have conveyed to the Secretary-General their very serious concern over this situation, which places a heavy burden on their Governments."

The Advisory Committee notes from paragraph 6 of the Secretary-General's report that no voluntary contributions have been received in response to General Assembly resolution 34/7 C of 3 December 1979.

5. On a related matter, the Advisory Committee was informed that the audited accounts for the biennium 1978-1979 ^{1/} indicate for the UNEF/UNDOF Special Account a "surplus" balance of \$6,825,999 as at 31 December 1979, representing excess of income over expenditure due to savings effected in liquidating prior years' obligations, unencumbered balance of appropriations, plus 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 the full extent to supplement the income received from contributions for meeting expenses of the Force. The balance of \$6,825,999, therefore, may be considered to represent no more than a theoretical surplus at this time.

A. Expenditures of UNDOF from 25 October 1979
to 30 November 1980 inclusive

6. The disbursements and obligations for UNDOF for this period are dealt with in section III and annex I of the Secretary-General's report. The following table compares (by object of expenditure) disbursements and obligations (shown below and in the Secretary-General's report as "revised apportionments") in 1979-1980 with initial allocations prepared by the Secretary-General to accord with the amounts approved for UNDOF by the General Assembly at its thirty-fourth session.

^{1/} Official Records of the General Assembly. Thirty-fifth Session, Supplement No. 5 (A/35/5), vol. I.

United Nations Disengagement Observer Force (UNDOF)

Revised apportionments and initial allocations for
the period from 25 October 1979 to 30 November 1980

(In thousands of United States dollars)

	<u>Revised appor- tionments</u>	<u>Initial allocations</u>	<u>Increase (decrease)</u>
1. <u>Local area and backstopping costs</u>			
(a) United Nations daily allowance to troops	656	694	(38)
(b) Salaries and related costs of staff	2 330	1 957	373
(c) Travel and subsistence of military personnel	66	102	(36)
(d) Rations	1 806	1 476	330
(e) Rental, maintenance, utilities and construction of premises	1 401	1 481	(80)
(f) Rental of aircraft	3	79	(76)
(g) Communications	11	9	2
2. <u>Force-wide equipment and supplies</u>			
(a) Purchase of transportation equipment	500	526	(26)
(b) Purchase of other equipment	625	707	(82)
(c) Maintenance and operation of motor transport and other equipment	2 222	2 565	(343)
(d) Supplies and services	1 393	1 195	198
(e) Freight, cartage and express	263	313	(50)
(f) Reimbursement for cost of depreciation of contingent- owned equipment and reimbursement for supplies	501	501	-
3. <u>Rotation of contingents</u>	1 017	1 017	-
4. <u>Death and disability awards</u>	138	138	-
5. <u>Welfare</u>	240	275	(35)
6. <u>Payment for troop costs</u>			
(a) Pay and allowances for troops at the standard rate of \$680 per man-month, plus a supplementary \$200 per man-month for a limited number of specialists	11 887	12 686	(799)
(b) Usage factor for personal clothing, gear and equipment at the standard rate of \$65 per man-month plus \$5 per man- month for personal weaponry and ammunition	1 175	1 251	(76)
7. <u>Staff assessment</u>	262	247	15
8. <u>Unencumbered balance</u>	723	-	723
Total	<u>27 219</u>	<u>27 219</u>	<u>-</u>

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3. Cost estimates for UNDOF beyond 30 November 1980

7. As indicated by the Secretary-General in section IV and annex II of his report (A/35/585 and Corr.1-3), should the Security Council renew the mandate of UNDOF beyond 30 November 1980, the costs would be of the order of \$2,211,917 gross (\$2,185,667 net of staff assessment) per month from 1 December 1980 onwards. This estimate assumes maintenance of the present average strength of 1,275 all ranks, and continuance of the existing responsibilities of UNDOF. The estimate does not take into account the proposals being put forward by the Secretary-General in his report to the General Assembly (A/C.5/35/38) concerning the study of the existing standard rates of reimbursement to the Governments of troop-contributing States participating in UNDOF and UNIFIL (see paras. 20-25 below). As indicated by the Secretary-General in paragraph 10 of his report (A/35/585 and Corr.1-3), should the General Assembly approve the proposed new rates for periods beyond 30 November 1980, the additional costs of UNDOF from 1 December 1980 onwards would amount to \$360,333 per month and the monthly cost figures would then be \$2,572,250 gross (\$2,546,000 net of staff assessment).
8. The following table provides a comparison between revised apportionments for UNDOF from 1 December 1979 to 30 November 1980 and estimates of the cost of UNDOF from 1 December 1980 to 30 November 1981.
9. In the paragraphs below, the Advisory Committee submits its observations and recommendations on the Secretary-General's estimates for the period from 1 December 1980 to 30 November 1981 inclusive, it being understood that requirements would depend on the decision to be taken by the Security Council as to the future of UNDOF beyond 30 November 1980. The Committee notes that the period 1 December 1980 to 30 November 1981, used as the basis for the estimates in annex II to the Secretary-General's report (A/35/585 and Corr.1-3), is related to a proposal made by the Secretary-General for a new special financial period for UNDOF in paragraph 12 of his report. The proposal, which had previously been made by the Secretary-General in paragraph 16 of his report to the General Assembly at its thirty-fourth session (A/34/582 and Corr.1), was endorsed by the Advisory Committee in its related report (A/34/688, para. 18).
10. The Advisory Committee was informed that the increase in the estimate for salaries and related costs of staff (A/35/585 and Corr.1-3, annex II, para. 2) was due, in large part, to upward revisions in the post adjustment classification for Damascus, where most of the staff is located. Information received by the Committee indicates that the post adjustment for Damascus was class 7 on 1 February 1979 and had risen to class 17 by 1 October 1980.
11. The Committee inquired into the estimate for rations and was informed that, whereas the estimates for 1979-1980 were based on a projected cost of \$3.41 per man per day with a 20 per cent non-usage factor, actual experience indicated the cost to have been \$3.89 per man per day taking into account a non-usage factor closer to 10 per cent. For the purpose of estimating ration costs for 1980-1981, this figure was increased by 8 per cent to \$4.20 per man per day to cover expected cost increases due to inflation.

United Nations Disengagement Observer Force (UNDOF)

Cost estimates from 1 December 1980 to 30 November 1981 and revised
apportionments from 1 December 1979 to 30 November 1980

(In thousands of United States dollars)

	<u>1980-1981</u> <u>estimates</u>	<u>1979-1980</u> <u>revised</u> <u>apportionments</u>	<u>1980-1981</u> <u>increase</u> <u>(decrease)</u>
1. <u>Local area and backstopping costs</u>			
(a) United Nations daily allowance to troops	596	599	(3)
(b) Salaries and related costs of staff	2 385	2 207	178
(c) Travel and subsistence of military personnel	61	64	(3)
(d) Rations	1 825	1 690	135
(e) Rental, maintenance, utilities and construction of premises	1 521	1 337	184
(f) Rental of aircraft	5	-	5
(g) Communications	14	10	4
2. <u>Force-wide equipment and supplies</u>			
(a) Purchase of transportation equipment	644	500	144
(b) Purchase of other equipment	532	570	(38)
(c) Maintenance and operation of motor transport and other equipment	2 844	2 057	787
(d) Supplies and services	1 176	1 296	(120)
(e) Freight, cartage and express	265	250	15
(f) Reimbursement for cost of depreciation of contingent-owned equipment and reimbursement for supplies	750	450	300
	1 291	882	409
3. <u>Rotation of contingents</u>	125	125	-
4. <u>Death and disability awards</u>	230	217	13
5. <u>Welfare</u>			
6. <u>Payment for troop costs</u>			
(a) Pay and allowances for troops at the standard rate of \$680 per man-month, plus a supplementary \$200 per man-month for a limited number of specialists	10 888	10 859	29
(b) Usage factor for personal clothing, gear and equipment at the standard rate of \$65 per man-month plus \$5 per man-month for personal weaponry and ammunition	1 076	1 073	3
	315	247	68
7. <u>Staff assessment</u>	-	723	(723)
8. <u>Unencumbered balance</u>			
Total, lines 1-8	<u>26 543</u>	<u>25 156</u>	<u>1 387</u>
9. <u>Additional provision for pay and allowances should the General Assembly approve the proposed new standard rate of \$950 per man-month plus a supplementary \$280 per man-month for a limited number of specialists</u>	<u>4 324</u>	<u>-</u>	<u>4 324</u>

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12. The Secretary-General estimates an amount of \$1,521,000 for rental, maintenance, utilities, and construction of premises. The Committee is of the opinion that economies can be realized in this area, particularly as regards maintenance, repair and adaptation of premises, where a greater reliance should be placed on "self-help" projects. As for construction of premises, the Committee understands that a field survey referred to in paragraph 18 (a) of annex II to the Secretary-General's report has been carried out but the results have not yet been analysed at Headquarters. Moreover, the Committee notes that the estimated strength of the Force at 1,275 represents a reduction from the previous level of 1,360. The Committee notes further, with regard to rental of premises, that "efforts are still being made to locate a new headquarters complex in Damascus in order to increase efficiency and reduce costs" (A/35/585, annex II, para. 14). In spite of the pessimism expressed with regard to the ability to secure such premises in the immediate future, the Committee trusts that efforts in this regard will be continued with a view to achieving the hoped-for economies. In the light of these observations, the Committee is of the opinion that the estimate of \$1,521,000 for rental, maintenance, utilities and construction of premises can be reduced to \$1.3 million.

13. As can be seen from paragraphs 21 to 23 of annex II to the Secretary-General's report, a total of 49 vehicles are proposed for acquisition during 1980-1981. The Committee recalls that it had endorsed the acquisition of 43 vehicles for 1979-1980 and believes that acquisitions for the coming year should be kept to the same level. If 1 heavy car, 2 Cherokees, 1 Jeep, 1 cargo truck (3-ton) and 1 cargo-truck (9-ton) were eliminated from prospective purchase, a savings of \$116,500 could be achieved, including a pro rata reduction of freight costs.

14. The Secretary-General estimates an amount of \$532,000 for purchase of other equipment. In view of the high rate of acquisition for the period just ending (nearly \$570,000 as compared with \$265,000 for the 12 months to October 1979), the Committee is of the opinion that reductions in the order of \$200,000 can be achieved in the level of proposed acquisitions for 1980-1981.

15. An amount of \$2,344,000 is estimated by the Secretary-General for maintenance and operation of motor transport and other equipment. Taking into account purchases and replacement of vehicles for the period just ending as well as what is proposed in the future, the Committee believes that prudent management will result in economies. Accordingly, the Committee is of the opinion that the estimate can be reduced by \$244,000 to \$2.6 million.

16. Likewise, with prudent management, the estimate for supplies and services (A/35/585 and Corr.1-3, annex II, paras. 41-54) can be reduced by \$76,000 from \$1,176,000 to \$1.1 million.

17. An amount of \$1,291,000 is estimated by the Secretary-General for rotation of contingents. This represents a significant increase over the \$882,000 revised apportionment for 1979-1980. The Advisory Committee understands that the cost of chartered aircraft has increased. Nevertheless, in view of the reduction in the level of the Force (see para. 12 above) some economies could be achieved. Accordingly, the Advisory Committee recommends that this estimate should be reduced by \$91,000 to \$1.2 million.

Recapitulation

18. In paragraphs 12 to 17 above, the Advisory Committee has indicated areas where savings for UNDOF totalling \$948,500 should be within reach. In view of the nature of the operation, the Committee believes that the Secretary General should be allowed the necessary flexibility to make the requisite reductions, either in the areas indicated by the Committee or in other areas, should that be necessary in the interest of good management and efficiency.

19. Subject to a decision by the Security Council as regards the mandate of UNDOF after 30 November 1980, requirements for UNDOF for the 12-month period from 1 December 1980 to 30 November 1981 should, therefore, not exceed \$25,279,500 net of staff assessment (\$315,000). Should the General Assembly approve the Secretary-General's proposals in document A/C.5/35/38 for new standard rates in respect of the pay and allowances of troops, an additional amount of \$4,324,000 would be required for the 12 months after 30 November 1980 (see paras. 20-25 below).

II. REVIEW OF THE RATES OF REIMBURSEMENT TO THE GOVERNMENTS OF TROOP-CONTRIBUTING STATES (A/C.5/35/38)

20. This report (A/C.5/35/38) has been submitted by the Secretary-General pursuant to General Assembly resolution 34/166 of 17 December 1979. Background information is provided by the Secretary-General in paragraphs 1 to 4 of the report.

21. In paragraph 5 of his report, the Secretary-General indicates that basic information for the study of the reimbursement rates was provided by 12 of the Governments which contribute troops to either UNDOF or UNIFIL. As stated by the Secretary-General in paragraph 6:

"Representatives of the troop contributors pointed out that troop-contributing countries were absorbing on the average 60 per cent of the cost of their contingents, with some absorbing over 70 per cent. They emphasized that such a situation was both inequitable and unacceptable. They stated that there was a demonstrable requirement for a substantial increase in the standard rates with a view to ensuring an equitable rate of reimbursement to the Governments of troop-contributing States."

22. The considerations which led the Secretary-General to formulate his proposals are outlined in paragraphs 8 to 12 of his report. The Committee was informed that there is no established format for the troop contributors to report elements of their costs to the Secretary-General. Moreover, as can be seen from paragraphs 9 and 10 of the report, not all of the troop contributors provided data for the present study.

23. In paragraph 13 of his report, the Secretary-General states his opinion that:

The present reimbursement rates can no longer be considered as providing

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fair and reasonable compensation to troop contributors for the pay and allowances of their troops and that in arriving at new rates which will ensure an equitable rate of reimbursement in accordance with General Assembly resolution 34/166, careful consideration should be given to the factors of inflation and escalating troop costs as well as the financial position of the troop contributors vis-à-vis the costs of their contingents."

24. As can be seen from paragraphs 14 to 16 of the Secretary-General's report, a proposal by the Secretary-General of a rate of \$950 for all ranks plus a supplemental \$280 for a limited number of specialists has been agreed to by the troop-contributing Governments. The new rates represent an increase of 40 per cent over present rates and would cover up to 81 per cent of the cost of the troop contributor reporting the lowest expenditure, 31 per cent of the highest and 49 per cent of the average of the reporting troop contributors. The new rates would take effect from 1 December 1980 for UNDOF and from 19 December 1980 for UNIFIL, should the Security Council decide to extend the Forces beyond their present mandates. The Advisory Committee notes from paragraph 16 of the Secretary-General's report that "the troop-contributing Governments have conveyed to the Secretary-General their concern at the ever-increasing financial burden to them which is entailed by the impact of fixed reimbursements in time of rising costs to them, and proposed that future adjustments of reimbursement rates be made more frequently, preferably on an annual basis".

25. If the General Assembly accepts the Secretary-General's proposals, the additional costs to UNDOF and UNIFIL, as indicated in paragraph 17 of the Secretary-General's report, will be of the order of \$4,324,000 and \$20,272,000 respectively, on an annual basis.