



General Assembly

Fifty-second session

Official Records

Distr.: General
14 July 1998

Original: English

Fifth Committee

Summary record of the 63rd meeting

Held at Headquarters, New York, on Monday, 18 May 1998, at 3 p.m.

Chairman: Ms. Incera (Vice-Chairman) (Costa Rica)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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- (a) Financing of the United Nations peacekeeping operations (*continued*)

In the absence of Mr. Chowdhury (Bangladesh), Ms. Incera (Costa Rica), Vice-Chairman, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 126: Financing and liquidation of the United Nations Transitional Authority in Cambodia (*continued*) (A/49/714 and Corr.1 and 2 and Add.1, A/49/867 and A/49/943; A/51/777; A/52/819 and A/52/865)

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Agenda item 142: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

- (a) **Financing of the United Nations peacekeeping operations** (*continued*) (A/51/957; A/52/407, A/52/810, A/52/858, A/52/860 and A/52/897; A/C.5/52/37, A/C.5/52/44 and Corr.1, A/C.5/52/49, A/C.5/52/50 and A/C.5/52/52)

1. **Mr. Sial** (Pakistan), referring to the report of the Secretary-General on the financing of the United Nations Protection Force (UNPROFOR), the United Nations Confidence Restoration Operation in Croatia (UNCRO), the United Nations Preventive Deployment Force (UNPREDEP) and the United Nations Peace Forces (UNPF) headquarters (A/52/815), expressed the hope that the final performance report to be submitted in early 1999 would contain detailed information, particularly on the issues raised in the related report of the Advisory Committee (A/52/868). His delegation shared the Advisory Committee's concern about the composition of the teams that had conducted negotiations with those troop-contributing countries that had opted for wet-lease arrangements (para. 6). He drew attention in particular to the Advisory Committee's observation that the use of gratis personnel of the same nationality as the troop-contributing countries in the mission area created a potential conflict of interest and might call into question the fairness of the results of the negotiations. An explanation from the Secretariat would be appreciated. The Secretariat should also inform the Committee of measures taken to avoid double payments for items that would also be covered under the new wet-lease arrangements (para. 7).

2. He welcomed the corrective measures taken by the Secretariat to improve inventory control and assets management (para. 8). As the Advisory Committee attached importance to having a complete unified inventory database, he proposed that the General Assembly should request the Secretary-General to take appropriate action, as a matter of priority, to that end.

3. His delegation noted with concern that, according to document A/52/792 (para. 6 (c)), property worth \$68 million – equal to about 20 per cent of the inventory value – had been written off or lost. That raised serious questions about effective control and proper management of United Nations property. The Secretariat should provide detailed information on the reasons for such write-offs and losses. In future, such information should be provided in the final disposition of assets of all peacekeeping operations, as requested by the Advisory Committee.

4. Referring to annex III of the same report, he noted that, in general, the inventory value of property sold to the Implementation Force, the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and the Mine Action Centre far exceeded that of the property auctioned. It was also not clear how the value of medium vehicles could exceed that of heavy vehicles, particularly in the light of the final disposition of assets shown in annex I. The Secretariat should

explain the rationale for such decisions and actions. The discrepancies between the auctioned and inventory value of desktop and laptop computers and printers should also be explained.

5. The inventory value of some items sold to the Implementation Force was either equal to or greater than the sale value. For example, light and medium vehicles had been sold to the Force at the original inventory value, and 42 photocopiers had been sold at a price higher than the inventory value. The Secretariat should explain how equipment that had been used for years could retain its original value. His delegation fully agreed with the Advisory Committee that the auction sales had not been effective and that corrective measures must be taken. The Secretariat should also indicate whether the quality of the property mentioned in the report actually corresponded to the quantity mentioned in the inventory.

6. **Mr. Moktefi** (Algeria) said that he was concerned about some of the points raised in the Advisory Committee's report (A/52/868). Paragraph 6 of that report indicated that negotiations with troop-contributing countries had been conducted by gratis personnel, nearly all of whom had been nationals of one or the other of the three major troop contributors. Clearly, that situation had given rise to a conflict of interest. He was also concerned to note that, in the absence of an elaborate accounting system, there was a high probability that some items purchased for peacekeeping operations would be paid for twice when they were also covered under the new wet-lease arrangements. Paragraph 16 of the report indicated that UNPF property with an inventory value of \$67.7 million had been sold for the disappointing sum of \$47.7 million. He wondered whether the procedures for the auctioning of United Nations peacekeeping assets could be improved. Lastly, he asked how \$56.7 million worth of UNPF property could have been written off, as noted in paragraph 17, and what corrective measures would be applied to prevent the recurrence of such situations.

7. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union and the associate countries of Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Norway, said that peacekeeping was a key instrument for the maintenance of international peace and security, which was the primary role of the United Nations. He welcomed the development of more multi-functional peacekeeping, of which the United Nations Mission in the Central African Republic (MINURCA) was a good example. European Union countries had contributed thousands of troops and police officers to peacekeeping operations, as well as more than 38 per cent of

the total cost of such operations. The most effective administrative, budgetary and financial arrangements must be made for peacekeeping operations, and the Organization's operational capacity to maintain international peace and security must be maintained and improved through effective planning, deployment and management of such operations. The phasing out of gratis personnel would require transitional arrangements that would minimize disruption and loss of expertise.

8. He welcomed the progress made in processing compensation claims for death and disability sustained by peacekeeping troops, as reported in document A/C.5/52/50, as well as the Secretary-General's efforts to obtain assurances from Member States regarding the amounts payable by them to the beneficiaries, pursuant to section II, paragraph 5, of General Assembly resolution 51/218 E. The new procedures for determining reimbursement to Member States for contingent-owned equipment were far superior to the old ones, and it was unfortunate that the Secretary-General had not submitted a report on their application in time for consideration at the current session. Moreover, the Phase IV Working Group had requested a report from the Secretariat on the financial implications of the retroactive application of the new procedures. The European Union had noted, the previous year, that neither the budgets nor the performance reports for individual peacekeeping operations contained information on the implementation of those provisions of the new procedures that related to environmental and operational mission factors. He asked why the Secretary-General had not yet begun to include standardized information on those provisions in all budget proposals. A solution must also be found to the problem of write-offs from past missions, to which the old system still applied.

9. He reiterated the European Union's concern at the slow progress of procurement reform in the Department of Peacekeeping Operations and the Department of Management. He commended the Secretariat for its efforts to develop a new field assets control system within the emerging field mission logistics system, since those systems could significantly reduce costs and staffing requirements while improving equipment management and logistics support. A projection by the Secretariat of future staffing needs following the introduction of new procedures and technology would be useful.

10. The proper management of peacekeeping assets and their coordination with procurement were preconditions for increasing Member States' confidence in the Organization's use of peacekeeping resources. Accordingly, the existence of the United Nations Logistics Base must be based on sound practical considerations.

11. European Union countries paid their peacekeeping contributions in full, on time and without conditions, and considered it unacceptable that other countries should fail to do likewise. The European Union's proposed revisions to the scale of assessments for peacekeeping operations had been introduced as far back as January 1996. That proposal would result in a more equitable and more transparent scale that would adjust automatically to changed economic circumstances while continuing to take into account the needs of Member States with below-average per capita incomes. It would be helpful if updated information on the relationship between peacekeeping shares and per capita income could be made available immediately in the form of a conference room paper. The peacekeeping scale should be updated to eliminate the anomaly whereby a few countries with above-average per capita gross national product (GNP) enjoyed an undeserved advantage at the expense of other Member States.

12. Lastly, the financial reform proposals submitted previously by the European Union included a system of payment incentives and penalties and a suggestion that the Financial Regulations should be amended to ensure that Article 19 of the Charter took effect when a Member State actually accumulated more than two years' worth of arrears. The Committee on Contributions would consider those issues at its forthcoming session; he looked forward to its conclusions.

13. **Ms. Duschner** (Canada), speaking also on behalf of Australia and New Zealand, said that a central storage facility for United Nations peacekeeping assets would be needed for the foreseeable future, since surplus equipment from past peacekeeping missions should be reused in new or ongoing missions. The need to maintain a limited range of essential *matériel* and start-up kits for missions had been demonstrated in the case of MINURCA, whose establishment within the Security Council's 19-day deadline had been made possible, in part, by the airlifting of essential vehicles and telecommunications equipment from the United Nations Logistics Base at Brindisi. The maintenance of a limited range of *matériel* at a central logistics depot was therefore valuable in terms of improved operational response capacity and cost savings. She supported the Secretary-General's recommendations concerning the Logistics Base, which could play a useful role within the field mission logistics system and should receive the necessary funding.

14. The backlog of death and disability claims to be processed had been reduced from 564 in May 1997 to fewer than 90. She welcomed the Secretariat's quarterly report on the subject, but felt that it could be more informative. The claims referred to in those reports were claims which had been verified by the Field Administration and Logistics

Division; she asked whether an additional category could be included, indicating how many claims had been processed by the Office of Programme Planning, Budget and Accounts.

15. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, said he was surprised that the issue of the scale of assessments for peacekeeping operations had been raised, as it was not on the agenda of the current part of the resumed session. A number of General Assembly resolutions, including resolutions 1874 (S-IV) and 3101 (XXVIII), had laid down important guidelines and principles concerning that scale. The differentiation between the regular budget and the peacekeeping budget in the apportionment of expenditures must be maintained, since the financing of peacekeeping operations ought to reflect the special responsibilities of the permanent members of the Security Council, and it was reasonable to presume, based on economic realities, that more developed countries had a greater capacity to pay for peacekeeping than less developed ones. The existing system, which divided expenditures among the four groups, should be institutionalized, and the special scale for peacekeeping operations should be retained, according to the principle of collective but differentiated responsibility.

16. **Mr. Chen Yue** (China) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Clearly, the scale of assessments for peacekeeping operations was a very important issue. However, it was not on the agenda for the second part of the resumed session, and should therefore be addressed at an appropriate time in the future. China's position on that question remained unchanged.

17. **Mr. Sial** (Pakistan) also supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China. The Committee's agenda was already too full; adding items would only complicate the work of the Committee.

18. **Mr. Darwish** (Egypt) expressed his delegation's full support for the statement made by the representative of Indonesia. It was extremely important to differentiate between the scale of assessments for peacekeeping operations and that for the regular budget. For the time being, there was no need to open a debate on the scale of assessments for peacekeeping operations.

19. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, said that he had merely reminded Committee members that a package of proposals put forward by the European Union in 1996 had not been considered. He had then referred to two elements of that package, one regarding Article 19 of the Charter and another on eliminating

one of the anomalies in the peacekeeping scale. However, he had not suggested reopening the debate or taking a particular course of action. As to his request for a conference room paper, he was surprised that any member of the Committee would object to receiving updated information.

20. **Mr. Moktefi** (Algeria) supported the statement by the representative of Indonesia and added that the request for a conference room paper was not appropriate, since the scale of assessments was not on the agenda of the second part of the resumed session. The Committee had more immediate concerns to address, and any updating of information should be done under the relevant agenda items.

21. **Mr. Yeo** (Director of the Peacekeeping Financing Division), replying to the representative of the United Kingdom, said that the Secretariat's reports concerning the report of the Phase IV Working Group on Reimbursement of Contingent-owned Equipment and the initial implementation of the new arrangements for contingent-owned equipment were being finalized. The Advisory Committee would review the report of the Phase IV Working Group and the related report of the Secretary-General. A comprehensive response to the inventory-related questions raised by the representative of Pakistan would be provided the following day.

22. In reply to the representative of Canada, he said that, as a matter of course, death and disability claims were submitted for payment as soon as the Department of Peacekeeping Operations certified them. Occasionally, they were returned to the Department because of discrepancies in certification or incomplete documentation. In instances where no cash was available in a mission account, claims were included under accounts payable. In most cases, every effort was made to honour payment even if that entailed short-term borrowing from other missions. For the time being, the Division had no intention of including an additional category, whose utility was questionable. However, further consideration would be given to the idea. The Department of Peacekeeping Operations was preparing a consolidated response to the other questions raised during the meeting.

23. **Mr. Boynton** (United States of America) said that his delegation saw no problem in acceding to the request for a conference room paper and proposed that it should be issued under agenda item 142 (b).

24. **Mr. Halbwachs** (Controller) introduced the report of the Secretary-General on financing of the United Nations Logistics Base at Brindisi (A/52/810). The original estimate had been \$7,875,000, and expenditures for the period had totalled \$5,349,000. The resulting unencumbered balance was due primarily to lower expenditures under premises, transport operations and miscellaneous supplies and services.

The proposal being submitted to the General Assembly, with the concurrence of the Advisory Committee, was to take a decision on the application of the unencumbered balance.

25. Introducing the report of the Secretary-General on the budget of the Logistics Base for the period from July 1998 to July 1999 (A/52/858), he said that the proposed budget for that period amounted to \$7,141,800, including a non-recurrent cost of \$829,900 for the completion of start-up kits. Start-up would include the purchase of vehicles, observation equipment and miscellaneous supplies. The proposed budget provided for a complement of 20 international staff and 28 locally recruited staff. Annex XI contained detailed information on various staffing changes, including an increase in field service personnel from 6 to 10 in order to accommodate four technicians to operate the satellite relay facility. Another proposal concerned the elimination of the resident auditor's post and replacement of the auditor by a legal adviser, whose functions were outlined in annex V.

26. The information that had been provided in response to General Assembly resolution 52/1, paragraph 4, which requested the preparation of a comprehensive cost-benefit analysis of the operation of the Logistics Base, was contained in annex VII. Information on the use of the Base by other United Nations agencies and programmes was given in annex VIII. Information on the role of the Base within the United Nations logistical support strategy was contained in annex IX. Annex X was a progress report on the clearance of the backlog of inventory, while annex XII provided detailed information on the communications relay system and its functions.

27. The action being recommended to the General Assembly included approval of the cost estimate of \$7,141,800 and a decision to apply the unencumbered balance of \$2,025,800 to the resources required for the period from July 1998 to June 1999 and to prorate the balance of \$5,116,000 among the individual active peacekeeping operation budgets. The Assembly would also be requested to approve the resourcing policy proposed in section VIII of document A/51/905, regarding the inclusion in future liquidation budgets of provision for the cost of repair, refurbishment and preservation equal to 30 per cent of the total depreciated value of the equipment to be transferred to the Base.

28. Introducing the note by the Secretary-General on death and disability benefits (A/C.5/52/50), he said that the document was essentially a quarterly report on progress made in clearing the backlog in death and disability claims. As at 31 March 1998, there had been a backlog of 90 claims,

representing a significant improvement over the figures of 285 for 31 December and 564 for 19 May 1997.

29. The Secretary-General's note on the proposed budgetary requirements of each peacekeeping operation for the period from 1 July 1997 to 30 June 1998 (A/C.5/52/44) was an update of budgetary information provided earlier. The total estimated requirement was \$958,028,000. The Secretary-General's note on the proposed budgetary requirements of each peacekeeping operation for the period from 1 July 1998 to 30 June 1999 (A/C.5/52/52) provided the same type of information. The estimated requirement for the period from July 1998 to June 1999, including the requirement for MINURCA, was \$825,957,500.

The meeting rose at 4.10 p.m.