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**Financing of the activities arising from Security Council
resolution 687 (1991): United Nations Iraq-Kuwait
Observation Mission**

Financial performance report for the period from 1 July 1999 to 30 June 2000 and budget for the period from 1 July 2001 to 30 June 2002 of the United Nations Iraq- Kuwait Observation Mission

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 1999 to 30 June 2000 (A/55/810) and the proposed budget for the maintenance of the Mission for the 12-month period from 1 July 2001 to 30 June 2002 (A/55/811). During its consideration of the reports, the Committee met with representatives of the Secretary-General, as well as with the Chief Administrative Officer of the Mission, who provided additional information and clarification.

Financial performance for the period from 1 July 1999 to 30 June 2000

2. By its resolution 53/229 of 8 June 1999, the General Assembly appropriated an amount of \$53,991,024 gross (\$51,996,124 net) for the maintenance of UNIKOM for the period from 1 July

1999 to 30 June 2000, inclusive of \$2,686,445 for the support account for peacekeeping operations and \$526,779 for the United Nations Logistics Base at Brindisi, Italy (UNLB). Taking into account the two-thirds share of the net amount, equivalent to \$34,664,080, to be funded through voluntary contributions from the Government of Kuwait, an amount of \$19,326,944 gross (\$17,332,044 net) was assessed on Member States.

3. As indicated in the report of the Secretary-General on the financial performance of UNIKOM (A/55/810, para. 10), expenditures for the period totalled \$51,004,500 gross (\$49,341,600 net), inclusive of \$9,075,900 in unliquidated obligations. The resulting unencumbered balance of \$2,986,500 gross (\$2,654,500 net) represents, in gross terms, approximately 5.5 per cent of the amount appropriated. The unencumbered balance resulted mainly from a higher than estimated vacancy rate for international staff (a 10 per cent vacancy factor had been applied to the budget, whereas the actual vacancy rate averaged



26 per cent), lower costs of rations provided under the catering contract and lower average cost of rotation travel for military observers and infantry personnel. Savings were also realized under operational costs, resulting from the termination of a contract for one fixed-wing aircraft owing to the closure of Iraqi airspace in December 1998, the delay in commencement of naval operations and reduced requirements under other equipment, supplies and services and air and surface freight.

4. The persistent high vacancy rates in the international personnel establishment in UNIKOM have been the subject of regular comment by the Advisory Committee. In its report on the financing of UNIKOM of 7 April 2000 (A/54/841/Add.3, para. 6), the Committee recommended that an analysis of the situation be undertaken to determine the cause of the high vacancies, the effect of continuing high vacancy rates on Mission operations and possible solutions, including whether some of the international posts currently authorized could be abolished (see also para. 18 below).

5. The Advisory Committee was informed that troop-cost reimbursement up to 31 August 2000 totalled \$86.4 million, while the amount owed for the period from 1 September 2000 to 31 January 2001 was \$5 million. With regard to contingent-owned equipment, the Committee was informed that, as at 31 January 2001, an amount of \$7.1 million had been reimbursed and the estimated amount owed was \$11.2 million, while unliquidated obligations totalled \$4.1 million. In respect of death and disability compensation, \$645,210 had been paid as at 31 January 2001 for 15 claims, 8 claims were pending and unliquidated obligations amounted to \$1.4 million.

6. The Advisory Committee was informed that the cash position of UNIKOM as at 21 February 2001 was \$52.9 million and that, as at 31 January 2001, unliquidated obligations for the period from 1 July 1999 to 30 June 2000 amounted to \$2,701,300, of which \$1,687,200 were government-related and \$1,014,100 were not. The total amount assessed on Member States up to 30 June 2001 was \$294.7 million, against which the payments received amounted to \$274.7 million, leaving an outstanding balance of \$20 million.

7. The Advisory Committee notes from the report that additional requirements resulted from the

unbudgeted cost of the inclusion of roll-over protection for 43 new vehicles procured during the period (A/55/810, annex II, para. 10). Upon enquiry, the Committee was informed that at UNIKOM there was a higher than normal incidence of vehicles rolling over during accidents. The Committee was also informed that the additional costs involved in the inclusion of roll-over protection for the 43 vehicles amounted to \$87,700. **The Committee points out that the mere installation of roll-over bars is not a guarantee that injury will not occur to the occupants of the vehicles. It therefore requests that a technical analysis be made of this phenomenon with a view to identifying the causes. The results could assist the Mission in formulating an appropriate remedy, as well as provide lessons for other missions.**

8. The action to be taken by the General Assembly in connection with the financing of UNIKOM for the period from 1 July 1999 to 30 June 2000 is indicated in paragraph 12 of the report. **The Advisory Committee recommends that the unencumbered balance of \$2,986,500 gross (\$2,654,500 net) for the period from 1 July 1999 to 30 June 2000 be credited to Member States, it being understood that two thirds of the amount would first be refunded to the Government of Kuwait.**

Information on performance for the current period

9. The Advisory Committee was informed that, against the authorized staffing establishment of UNIKOM for the period from 1 July 2000 to 30 June 2001 of 910 military contingent personnel, 195 military observers (excluding 105 on standby, who were authorized but not budgeted for), 72 international staff and 166 local staff, the positions encumbered as at 28 February 2001 were 903 military contingent personnel, 193 military observers, 53 international staff and 152 local staff.

10. The Advisory Committee was provided with expenditure data for the period from 1 July 2000 to 30 June 2001 as at 31 January 2001. Expenditure for the period amounted to \$33,530,800 gross (\$32,654,500 net) against an apportionment of \$52,710,200 gross (\$50,715,200 net).

Cost estimates for the period from 1 July 2001 to 30 June 2002

11. As indicated in the report of the Secretary-General on the budget of UNIKOM (A/55/811), the cost of maintaining the Mission for the period from 1 July 2001 to 30 June 2002 is estimated at \$54,229,900 gross (\$52,099,300 net), inclusive of budgeted voluntary contributions in kind amounting to \$3,121,900. Two thirds of the total amount, or \$32,651,600 net, is to be funded through voluntary contributions from the Government of Kuwait. As stated in paragraph 2 of the report, the proposed budget represents an 8.9 per cent increase (\$4,411,900), in gross terms, in relation to the apportionment for the current period from 1 July 2000 to 30 June 2001. As indicated in the report (*ibid.*, para. 3 (b)), it is proposed to assess the amount of \$18,456,400 gross (\$16,325,800 net) for the period from 1 July 2001 to 30 June 2002, which represents an increase of 2.9 per cent in relation to the assessed budget for the current period¹. The proposed budget reflects increases of \$1,226,900, or 9.4 per cent, in civilian personnel costs, \$1,053,600, or 10.4 per cent, under operational requirements and \$90,900, or 606 per cent, under other programmes, offset in part by a decrease of \$1,217,000, or 4.9 per cent, in military personnel costs (*ibid.*, table 1).

12. The estimate provides for 195 military observers (excluding 105 on standby, who were authorized but not budgeted for), 906 military contingent personnel, 63 international staff and 174 local staff (see para. 9 above for current encumbrancy).

13. As indicated in the budget report, in the light of the return of contingent-owned vehicles to the Government of Kuwait, military support personnel have been decreased from 135 to 131, reducing the total number of budgeted military contingent personnel from 910 to 906. Other factors affecting the estimates for military personnel include a reduction in the average rotation cost of infantry personnel, reduced requirements for reimbursement for contingent-owned equipment (under the old arrangements) as a result of the return of vehicles to the Government of Kuwait and application of a reduced rate for death and disability compensation (0.32 per cent, as compared with the standard rate of 1 per cent of military personnel) (A/55/811, annex I.C, paras. 6 and 7).

14. The Advisory Committee notes from the report that reimbursement for contingent-owned equipment in UNIKOM is based on the old system of reimbursement of 10 per cent of the value of the equipment per year. The report also indicates that negotiations are under way with one troop-contributing Government for reimbursement for equipment based on the new arrangements (*ibid.*, paras. 17 and 18). The Committee recalls that, at the time of the last budget submission, negotiations with one troop-contributing Government were reported to be in progress. Upon enquiry, the Committee was informed that it was expected that a memorandum of understanding would soon be signed.

15. With regard to civilian personnel, the Advisory Committee notes the changes outlined in the report, which include: (a) the downgrading of 2 P-5 posts to the P-4 level; (b) the conversion of 8 General Service posts to local level posts; (c) the conversion of 1 General Service post to a Field Service post; and (d) the abolition of 1 General Service post.

16. As indicated in the budget report, the increase of \$1,226,900 in civilian personnel costs takes into account vacancy factors of 10 per cent for international staff and 5 per cent for local staff (*ibid.*, annex I.C, para. 9). The Advisory Committee recalls that the average vacancy rate reported for international staff in the financial performance report for UNIKOM for the period ended 30 June 2000 was 26 per cent (A/55/810, table 2). Furthermore, the latest encumbrancy information provided to the Committee (see para. 9 above) indicated that, as at 28 February 2001, 53 out of the authorized 72 international posts were filled, resulting in a vacancy rate of 26 per cent. **The Committee understands that the 10 per cent vacancy factor applied in the proposed estimate is based on a staffing establishment of 63 international posts rather than 72. It is nevertheless of the opinion the use of a 10 per cent vacancy factor applied in the estimate is more optimistic than has been borne out by experience.**

17. The Advisory Committee notes from the budget report that, on the basis of recent experience, a higher average grade level (G-5, step V, for Umm Qasr and G-5, step VI, for Baghdad as compared to the G-4, steps V and XII respectively, used in the budget for the current period) is taken into account in UNIKOM in the calculation of local staff costs (A/55/811, annex I.C, para. 9). The Committee notes that the average vacancy rate for local staff, as stated in the financial

performance report for the period ended 30 June 2000, was 10 per cent (A/55/810, table 2), and that it matched the vacancy factor applied in the budget for that period. The encumbrancy for local staff as at 28 February 2001 (see para. 9 above) was 153 out of 166 authorized posts, or a vacancy rate of 8.4 per cent. **Given the above-mentioned vacancy information and the fact that the estimates include an increase in the staffing establishment for local staff from 166 to 174, the Committee is of the view that the 5 per cent vacancy factor applied for local staff may also be somewhat optimistic.**

18. The Advisory Committee notes that neither the performance report nor the proposed budget adequately respond to the concerns of the Committee expressed in its report of 7 April 2000, in which it recommended that an analysis be undertaken to determine the cause of the persistent high vacancies, the effect of continuing high vacancy rates on Mission operations, and possible solutions, including whether some of the posts in question could be abolished (A/54/841/Add.3, para. 6). The Committee sought further explanation as to why although the Mission has been in existence for 10 years, high vacancy rates persist in the international staffing establishment. The Committee was informed that the proposal to convert 8 international posts to local posts was intended to address the concerns of the Committee. The Committee was also informed that UNIKOM had to compete with other missions for personnel and that recruitment efforts often gave priority to new missions. As to the effect of persistent high vacancy rates on mission operations, the Committee was informed that the position of legal adviser had been vacant for more than one year and that registry services had suffered as well. The Committee was also informed that the Mission relied on military police for security services, but that this practice had led to problems of continuity, as such personnel are rotated frequently. The representatives of the Secretary-General stated that resources for security would be requested in the next budget submission. **The Committee recommends that, in the interim, the Mission use one of the vacant international posts for an international security officer.**

19. The Advisory Committee notes that the estimate for training shows a considerable increase (\$90,900). As indicated in the budget report, a total of 29 staff are proposed for training in the areas of procurement, information technology, communications and transport

(A/55/811, annex II.A, item 48). The Committee recalls that in the performance report for the period ended 30 June 2000, it was indicated that a total of 16 staff were trained in communications, the field assets control system (FACS), data processing and personnel management, at a cost of \$40,900. Upon enquiry, the Committee was informed that for the current period, \$30,000 had been allocated for the training of 20 personnel. Thus, in three financial periods, a total of 65 staff will have received training in a variety of disciplines. The Committee points out that the number of people to be trained is relatively high in comparison to the number of established posts (72 international staff and 152 local staff). **In this connection, the Committee cautions that training programmes should be carefully identified to meet the needs of the Mission. Furthermore, as the Committee has mentioned in other reports (see A/54/841, para. 39), care should be taken, in selecting personnel for training, to confirm the staff member's availability for mission service.**

20. The action to be taken by the General Assembly in connection with the financing of UNIKOM for the period from 1 July 2001 to 30 June 2001 is indicated in paragraph 3 of the report. **The Advisory Committee recommends that the Assembly approve the appropriation of the amount of \$51,108,000 gross (\$48,977,400 net) for the maintenance of the Mission for the 12-month period beginning 1 July 2001, including the amount of \$32,651,600 net, representing two thirds of the cost, to be funded through voluntary contributions from the Government of Kuwait.**

Notes

¹ See A/54/736, para. 3 (b)