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**Financing of the United Nations peacekeeping forces in the
Middle East: United Nations Interim Force in Lebanon**

Financial performance report for the period from 1 July 2004 to 30 June 2005 and proposed budget for the period from 1 July 2006 to 30 June 2007 of the United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2004/05	\$92,960,300
Expenditure for 2004/05	\$89,244,100
Appropriation for 2005/06	\$94,252,900
Proposal submitted by the Secretary-General for 2006/07	\$94,112,400
Recommendation of the Advisory Committee for 2006/07	\$93,938,800

I. Introduction

1. The recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in paragraphs 13 and 15 below would entail a reduction of \$173,600 to the proposed budget of the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 2006 to 30 June 2007. The Advisory Committee also makes observations and recommendations regarding the administration and management of the Force and opportunities for further savings.

2. The Advisory Committee's general report on the administrative and budgetary aspects of United Nations peacekeeping operations will contain its views and

recommendations on a number of cross-cutting issues. In the paragraphs below, the Committee deals with resources and other items that relate specifically to UNIFIL.

3. The documents used by the Advisory Committee in its consideration of the financing of UNIFIL are listed at the end of the report.

II. Financial performance report for the period from 1 July 2004 to 30 June 2005

4. On the recommendation of the Advisory Committee, the General Assembly, by its resolution 58/307, appropriated to the Special Account for UNIFIL the amount of \$92,960,300 million gross (\$88,274,900 net) for the period from 1 July 2004 to 30 June 2005. The total amount has been assessed on Member States. Expenditures for the period totalled \$89,244,100 gross (\$85,080,000 net), which is \$3,716,200, or 4 per cent, lower than the appropriation.

5. The mission's unutilized balance of \$3,716,200 was the result of a combination of savings and additional requirements under various line items. UNIFIL savings were attributable to a consolidation of ration contracts, the postponement of the reconfiguration of the engineering battalion, a higher than budgeted vacancy rate for international and national staff, the transfer of 23 light vehicles from downsized missions, the transfer of 6 SISU armoured personnel carriers to the United Nations Disengagement Observer Force (UNDOF), and a reconfiguration of the CarLog. UNIFIL requirements in excess of the budget under standard troop costs were due to the payment of prior-period claims and higher troop travel costs owing to increased fuel prices, the settlement of prior-period claims for contingent-owned equipment and the provision of additional equipment for the contingent-provided helicopters. Expenditures in excess of the budget also occurred under common staff costs, mostly for the payment of a second assignment grant to staff after one duty year in the mission and to the staff members relocated from Israel to Lebanon in 2002, who were also entitled to a second lump-sum entitlement grant at the end of 2004. Excess requirements for petrol, oil and lubricants resulted from increased fuel prices. Additional requirements for information technology spare parts were caused by the relocation of the server room and the establishment of a disaster recovery centre.

6. The comments of the Advisory Committee on the information on individual expenditure objects contained in the performance report can be found in the discussion of the proposed budget for the period from 1 July 2006 to 30 June 2007 in the paragraphs below.

7. The Secretary-General, in his report on liabilities and proposed funding for after-service health insurance (A/60/450), proposed a number of measures that need to be taken to fund and account for the accrued liabilities for after-service health insurance benefits. The measures provide, inter alia, for the transfer of \$250 million from unencumbered balances and savings on, or cancellation of prior period's obligations of, active peacekeeping missions as at the end of the 2005 fiscal year. **Depending on what the General Assembly may decide, there may be a consequential impact on the financing of UNIFIL and other peacekeeping operations.**

III. Information on performance for the current period

8. The Advisory Committee was informed that, as at 31 December 2005, a total of \$3,660,223,000 had been assessed on Member States in respect of UNIFIL since its inception. Payments received as at the same date amounted to \$3,593,141,200, leaving an outstanding balance of \$67,082,100. As at 13 March 2006, the cash position of the mission was \$56,000,000 and unliquidated obligations for the period from 1 July 2004 to 30 June 2005 amounted to \$5,619,700.

9. The Advisory Committee was also informed that troop-cost reimbursement up to 31 October 2005 totalled \$1,151,695,413, while the amount owed for the period from 1 November 2005 to 28 February 2006 was \$9,115,272. With regard to contingent-owned equipment, the Committee was informed that as at 28 February 2006, an amount of \$24,417,048 had been reimbursed and the estimated amount owed was \$1,291,300, while unliquidated obligations for the period ending 30 June 2006 totalled \$2,837,700. In respect of death and disability compensation, \$20,359,000 had been paid as at 28 February 2006 for 454 claims. No claims were pending and unliquidated obligations amounted to \$6,423,200.

10. The Advisory Committee was further informed that as at 28 February 2006, the incumbency for UNIFIL for the period from 1 July 2005 to 30 June 2006 was as follows:

<i>Posts</i>	<i>Authorized</i>	<i>Encumbered</i>	<i>Vacancy/delayed deployment rate (percentage)</i>
Military and contingent personnel	2 000	1 985	0.75
International staff	125	100	13.0
National staff	339	296	2.9

11. The Advisory Committee was provided with expenditure data for the period from 1 July 2005 to 30 June 2006, as at 28 February 2006 (see annex). Expenditure for the period amounted to \$67,907,200 gross (\$65,824,200 net), against an apportionment of \$94,252,900 gross (\$89,537,200 net).

IV. Proposed budget for the period from 1 July 2006 to 30 June 2007

A. Military and civilian police personnel

<i>Category</i>	<i>Approved 2005/06</i>	<i>Proposed 2006/07</i>
Military contingents	2 000	2 000

12. Cost estimates for military contingents for the period 2006/07 total \$38,456,600, representing a net decrease of \$686,500 (1.8 per cent) as compared to 2005/06. The bulk of the decrease stems from: (a) reduced estimated expenses for standard troop-cost reimbursement; and (b) no budgetary provision under death and disability compensation and the cancellation of an obligation of \$788,400 in this respect. The Committee was informed by the Secretariat that any need which might

arise under that object of expenditure would be accommodated from within the approved budget of 2006/2007.

B. Civilian personnel

<i>Category</i>	<i>Approved 2005/06</i>	<i>Proposed 2006/07</i>
International staff	125	120
National staff	339	339

Recommendations on posts

13. *Establishment of one new P-3 Information Analyst post, Joint Mission Analysis Cell, Office of the Force Commander (A/60/642, para. 8).* The post is proposed to provide short-term analyses in the Information and Analysis Cell, which is a component of the Joint Mission Analysis Cell. The Mission informed the Advisory Committee that the activities of the Cell were critical to gather and synthesize information and that the Cell would be staffed by one P-3 analyst and one Field Service staff member.

14. While the Advisory Committee welcomes the establishment of a Joint Mission Analysis Cell and agrees in principle with the need for qualified staffing, it is evident from the table below that the post of Information Analyst can be accommodated from existing resources without prejudicing the mission's current operations.

<i>Budget period</i>	<i>Authorized posts</i>	<i>Incumbency</i>	<i>Vacancy rate (percentage)</i>
2003/2004 ¹	124	116	6.5
2004/2005 ²	125	104	16.8
2005/2006 ³	125	100	20.0

¹ A/59/626.

² A/60/629.

³ From supplementary information provided by the Secretariat as at 28 February 2006.

15. *Redeployment of one Field Service post from the Transport Section, Office of the Chief Administrative Officer, to the Joint Mission Analysis Cell, Office of the Force Commander (A/60/642, para. 8).* **The Advisory Committee recognizes the need for adequate staffing of the Joint Mission Analysis Cell and has no objection to the redeployment of one Field Service post.**

16. *Redeployment to the Office of the Force Commander of: (a) one Field Service post from the Communication and Technology Section, Office of the Chief Administrative Officer; and (b) one Field Service post and one national General Service post from the Security Unit, Office of the Chief Administrative Officer (A/60/642, para. 11).* It is proposed to relocate the Security Unit from the Office of the Administrative Officer to the Office of the Force Commander with a view to achieving close cooperation between the Unit and the Joint Mission Analysis Cell. **The Advisory Committee has no objection to the redeployment of the posts and the relocation of the Security Unit within the Office of the Force Commander.**

17. *Redeployment of one P-3 Procurement Officer post from the Procurement Section, Office of the Chief Administrative Officer, as Public Information Officer, to the Public Information Office, Office of the Force Commander (A/60/642, para. 12).* Currently, public information functions are carried out by three national staff and are also part of the overall duties of the civilian affairs officer and the senior adviser to the Force Commander. The public information officer is proposed as UNIFIL would be contributing to regional initiatives by increasing its press and public information activities. **The Advisory Committee notes that the redeployment of a P-3 post from the Procurement Section would leave two international staff members within that Section, namely, the chief procurement officer at the P-4 level and one P-3 procurement officer. The Committee recommends approval of the redeployment.**

18. *Abolition of six Field Service posts within the Office of the Chief Administrative Officer, namely: (a) one post, Communications and Information Technology Section; (b) two posts, Transport Section; (c) one post, General Services Section; and (d) two posts, Engineering Support Section (A/60/642, first bullet below table 3).* The posts to be abolished are proposed following a review of the functions performed by the six Field Service staff posts vis-à-vis anticipated workloads. **The Advisory Committee notes that the review of Field Service staff functions stems from a Committee recommendation (A/59/736/Add.3, para. 3). On the basis of the review and the anticipated workloads, UNIFIL proposes the abolition of six Field Service posts. The Advisory Committee supports this proposal.**

19. *Reclassification of the P-5 Chief Finance Officer post to the P-4 level, Finance Section, Office of the Chief Administrative Officer (A/60/642, second bullet below table 3).* The Mission informed the Advisory Committee that the downgrading to P-4 follows the downgrading of three other P-5 posts during the 2005/06 budget period; this leaves one post, the Chief of Integrated Support Services, at the P-5 level. **The Advisory Committee has no objection to the downgrading to the P-4 level of the Chief Finance Officer post.**

20. *Redeployment to the Engineering Support Section, Office of the Chief Administrative Officer of: (a) one national General Service post from the Military Support Service; and (b) one national General Service post from the General Service Section (A/60/642, third bullet below table 3).* **The Advisory Committee has no objection to the redeployment of the two posts.**

Other observations and recommendations

21. The Advisory Committee recalls its recommendation in its previous report on UNIFIL to convert 36 individual contractors to national General Service staff, as their tasks were considered core functions, providing essential services to UNIFIL (A/59/736/Add.3, paras. 12-16). The Committee also recalls that, at the time, the mission stated that outsourcing would not be practical or financially viable (A/59/736/Add.3, para. 14). The mission informed the Committee that some non-core functions continued to be outsourced.

22. With regard to the functions that continue to be outsourced, the Committee recalls that it had requested, in its previous report on UNIFIL, that “future budget submissions contain detailed performance information on individual contracts that have been issued as well as any projected use of this arrangement in the forthcoming

period” (A/59/736/Add.3, para. 16). The Advisory Committee regrets that this information was not included with the 2006/07 budget proposal and expects that it will be available for the 2007/08 budget.

23. The Advisory Committee continues to follow up on its earlier requests contained in its previous reports (A/59/736/Add.3, paras. 17-19; A/58/759/Add.6, para. 20) that UNIFIL undertake measures to decrease the number of its staff on temporary duty assignment to other missions and Headquarters. A comparison of staff on temporary duty assignment from 2004 to 2006 is provided in the table below.

Staff on temporary duty assignment

	2004 ^a	2005 ^a	2006 ^b
International staff	106 (1 P-3, 105 Field Service)	93 (1 P-5, 1 P-4, 1 P-3, 90 Field Service)	81 (2 P-5, 79 Field Service)
National staff	41	18	20
Total	147	111	101
Posts encumbered			
International staff	115	107	100
National staff	296	298	296
Total	411	405	396

^a From A/59/736/Add.3, para. 17.

^b From additional information provided by UNIFIL as at 10 March 2006.

24. The Advisory Committee takes note that UNIFIL continues to reduce steadily the number of staff on temporary duty assignment and is making progress in this regard.

25. The Advisory Committee notes from information received from the mission that two staff members at the P-5 level are currently on temporary duty assignment.

<i>Functional title</i>	<i>Grade/level</i>	<i>Current TDY^a mission</i>	<i>Effective date</i>
Chief Finance Officer	P-5/step 9	United Nations Interim Administration Mission in Kosovo	13 May 1997
Procurement Officer	P-5/step 4	United Nations Stabilization Mission in Haiti	20 October 2004

^a Temporary duty assignment.

26. The Advisory Committee notes that one P-5 staff member has been on “temporary” duty assignment to the United Nations Interim Administration Mission in Kosovo (UNMIK) since 1997. The Committee notes that there are no time limits which apply to a mission staff member’s temporary duty assignment while still

retaining her/his guaranteed post at the sending mission. With regard to the P-5 staff members on temporary duty assignment as the UNMIK Chief Finance Officer, the Committee notes that the level of Chief Finance Officer at UNIFIL has now been recommended for downgrading to the P-4 level (see para. 22). Moreover, with regard to the other P-5 staff member on temporary duty assignment as procurement officer at the United Nations Stabilization Mission in Haiti, the Committee notes that the post of Chief Procurement Officer at UNIFIL is at the P-4 level, which raises a potential problem for the reintegration of staff members on temporary duty assignment. The Committee comments on this further in its general report on peacekeeping operations.

C. Operational costs

<i>Apportioned 2005/06</i>	<i>Proposed 2006/07</i>
\$21 172 100	\$20 344 500

Ground transportation

27. The Advisory Committee notes that, of an appropriation of \$5,485,000 for the 2004/05 budget period, savings of \$1,456,300 (26.6 per cent) were realized under ground transportation. The unspent balance was due primarily to the transfer of 23 light vehicles from downsized missions, which reduced the Force's new vehicle requirements, and the transfer of 6 SISU armoured personnel carriers to UNDOF.

28. The Advisory Committee notes that the requirement for acquisition of vehicles for the 2006/07 budget period is estimated at \$1,276,900; this represents an increase by \$850,200 when compared to the 2005/06 budget period. The additional requirement is attributable primarily to the replacement of 50 vehicles that have reached the end of their useful lives. **The Advisory Committee notes that UNIFIL has reduced its vehicle fleet from 810 to 613 vehicles.**

Petrol, oil and lubricants

29. The budget for petrol, oil and lubricants is estimated under: (a) facilities and infrastructure at \$3,185,900, with an 18.4 per cent increase (\$494,400) from the previous period; (b) under ground transportation at \$1,181,400, with a 9.9 per cent decrease (\$129,900); and (c) under air transportation at \$202,600, with a 31.6 per cent increase (\$48,600). Cumulative overall requirements for petrol, oil and lubricants are estimated at \$4,569,900 for the 2006/07 budget period. The Advisory Committee notes that the rise was due to an increase of 19 per cent in the price of fuel, primarily diesel fuel. Moreover, the above-noted 9.9 per cent decrease under ground transportation is a reflection of a reduction of the vehicle fleet, partly offset by an increase in fuel prices.

Other matters

Fuel and rations fraud

30. The mission informed the Advisory Committee that an investigation, requested by UNIFIL, had been conducted by the Office of Internal Oversight Services during June and July 2005. The investigation pertained to fuel and rations supply fraud and

had implicated one of the mission's contingents. The Department of Peacekeeping Operations had initiated proceedings to replace the contingent involved with another troop-contributing country. The individual contingent members who had committed the fraud had since been repatriated and the troop-contributing country had reportedly initiated legal procedures against them. The Committee was also informed that enhanced controls had been put in place with regard to the distribution of rations and fuel. The mission stated that the fraudulent activities had been perpetrated over a period of 12 months, with a financial loss of approximately \$1,500,000. That amount had not been recovered.

31. The Advisory Committee points out that this and any other fraud cases cause a financial ripple effect in that there are indirect costs in addition to the direct costs. In this specific case, the financial burden placed on Member States would also include, inter alia, travel-related costs of repatriating the contingent members concerned and replacing them with new contingent members, as well as deployment-related costs (physical equipment transport and personnel travel) to and from UNIFIL of the outgoing and the incoming contingents. The Advisory Committee comments further on this matter in its general report.

32. The Advisory Committee regrets that the loss incurred as a result of the fraudulent activities may not be recovered. The Committee requests the Secretariat, at the time of the presentation of the 2007/08 budget proposal, to present a breakdown of the cumulative financial burden placed on the Organization with regard to this fraud case.

V. Conclusions of the Advisory Committee

33. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 26 of the performance report (A/60/629). **The Advisory Committee recommends that the unencumbered balance of \$3,716,200, as well as other income and adjustments in the amount of \$5,099,000, be credited to Member States in a manner to be determined by the General Assembly.**

34. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2006 to 30 June 2007 is indicated in paragraph 38 of the proposed budget (A/60/642). **In view of its foregoing comments, the Advisory Committee recommends that the estimated budget requirements be reduced from \$94,112,400 to \$93,938,800.**

Documentation

- Performance report on the budget of the United Nations Interim Force in Lebanon for the period from 1 July 2004 to 30 June 2005 (A/60/629)
- Budget for the United Nations Interim Force in Lebanon for the period from 1 July 2006 to 30 June 2007 (A/60/642)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2003 to 30 June 2004 and proposed budget for the period from 1 July 2005 to 30 June 2006 of the United Nations Interim Force in Lebanon (A/59/736/Add.3)
- General Assembly resolution 59/307 on the financing of the United Nations Interim Force in Lebanon
- Report of the Secretary-General on the United Nations Interim Force in Lebanon (S/2006/26)
- Security Council resolutions 1614 (2005) and 1655 (2006)

Annex

Actual expenditures for the period from 1 July 2005 to 30 June 2006 for UNIFIL

(Thousands of United States dollars)

<i>Category</i>	<i>Apportionment</i>	<i>Expenditures as at 28 February 2006</i>
Military and police personnel		
Military observers	—	—
Military contingents	39 143.1	36 793.7
Civilian police	—	—
Formed police units	—	—
Subtotal	39 143.1	36 793.7
Civilian personnel		
International staff	18 143.0	10 671.1
National staff	15 794.7	8 869.0
United Nations Volunteers	—	—
Subtotal	33 937.7	19 540.1
Operational costs		
General temporary assistance	48.0	20.0
Government-provided personnel	—	—
Civilian electoral observers	—	—
Consultants	—	—
Official travel	335.1	224.2
Facilities and infrastructure	9 178.7	5 076.8
Ground transportation	4 445.6	2 079.7
Air transportation	1 648.7	168.4
Naval transportation	—	—
Communications	1 326.8	970.7
Information technology	1 195.3	736.5
Medical	763.0	620.1
Special equipment	531.2	521.4
Other supplies, services and equipment	1 699.7	1 155.6
Quick-impact projects	—	—
Subtotal	21 172.1	11 573.4
Gross requirements	94 252.9	67 907.2
Staff assessment income	4 715.7	2 083.0
Net requirements	89 537.2	65 824.2
Voluntary contributions in kind (budgeted)	—	—
Total requirements	94 252.9	67 907.2