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### Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

#### Financing of the United Nations Interim Administration Mission in Kosovo

## Financial performance report for the period from 1 July 2005 to 30 June 2006 and proposed budget for the period from 1 July 2007 to 30 June 2008 of the United Nations Interim Administration Mission in Kosovo

### Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation 2005/06	\$239,889,800
Expenditure 2005/06	\$233,753,600
Unencumbered balance 2005/06	\$6,136,200
Appropriation 2006/07	\$217,962,000
Projected expenditure 2006/07 <sup>a</sup>	\$207,357,200
Estimated unencumbered balance 2006/07 <sup>b</sup>	\$10,604,800
Proposal submitted by the Secretary-General for 2007/08	\$213,157,200
Recommendation of the Advisory Committee for 2007/08	\$210,676,800

<sup>a</sup> Estimates as at 28 February 2007 (see annex I).

<sup>b</sup> Estimates as at 28 February 2007 (see annex I).



1. **The recommendation of the Committee in paragraph 17 below would entail a reduction of \$2,480,400 to the proposed budget for the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2007 to 30 June 2008 (A/61/776).**

2. The Committee's general report on peacekeeping operations will contain its views and recommendations on a number of cross-cutting issues. Consequently, in the paragraphs below, the Committee deals with resources and other items that relate specifically to UNMIK.

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

## **I. Financial performance report for the period from 1 July 2005 to 30 June 2006**

4. The General Assembly, in its resolution 59/286 B of 22 June 2005, appropriated to the Special Account for UNMIK an amount of \$252,551,800 for the period from 1 July 2005 to 30 June 2006, inclusive of \$239,889,800 for the maintenance of the Mission, \$10,353,700 for the support account for peacekeeping operations and \$2,308,300 for the United Nations Logistics Base at Brindisi, Italy. Total expenditures for the period from 1 July 2005 to 30 June 2006 amount to \$233,753,600 gross (\$214,432,300 net), resulting in an unencumbered balance of \$6,136,200 gross, or 2.6 per cent of the total appropriation of \$239,889,800 (gross).

5. The Committee notes that, in response to its observation on large amounts of prior-period obligations, the proposed budget for the period 2007/08 includes information on measures taken by the Mission. The Committee notes that savings on, or cancellation of, prior-period obligations declined from \$8.1 million in the financial period 2004/05 to \$3 million for the 2005/06 period. **The Committee welcomes the measures taken by the Mission, but recalls that it had requested that information in this respect should be included in the performance report. The Committee trusts that information on action taken on relevant observations and recommendations of the Committee on performance reports will also be included in future performance reports, rather than only in proposed peacekeeping budgets.**

6. Comments of the Committee relevant to the information in the performance report on individual objects of expenditure can be found in the discussion of the proposed budget for the period from 1 July 2007 to 30 June 2008 in the paragraphs below.

7. The Committee notes that the General Assembly, in its resolution 61/264, has requested the Secretary-General to submit a detailed report on after-service health insurance to the Assembly at its sixty-third session. **Pending a decision by the General Assembly, the Committee recommends that the full amount of other income and adjustments amounting to \$6,484,600, as well as a portion of the unencumbered balance amounting to \$368,500 for UNMIK for the period 2005/06, which had been proposed for meeting after-service health insurance liabilities, be credited to Member States.**

## II. Information on performance for the current financial period

8. The Committee notes that, as at 31 December 2006, a total of \$2,267.6 million had been assessed on Member States in respect of UNMIK since its inception. Payments received as at the same date amounted to \$2,199.4 million, leaving an outstanding balance of \$68.2 million. The cash available to UNMIK as at 12 March 2007 was \$25.1 million, including total outstanding loans of \$35 million from the United Nations Protection Force. The Committee was informed that the amount of cash available does not allow for reimbursement of police-contributing countries.

9. The Committee was also informed that, as at 31 December 2006, the amounts of \$16,483,400 and \$6,847,800 were due to Member States for reimbursement of formed police units and formed police-owned equipment, respectively. Payments for formed police units and police-owned equipment had been made up to December 2004 and 30 June 2004, respectively. With regard to death and disability compensation, as at 31 December 2006, \$0.6 million had been paid, there were 31 claims, one claim was still pending and unliquidated obligations amounted to \$1.2 million. The Committee was informed, upon enquiry, that the bulk of the obligations of \$1.2 million for death and disability would be cancelled and reported as cancellation of prior-period obligations in the performance report for the financial period 2006/07.

10. The incumbency situation in UNMIK as at 28 February 2007 was as follows:

<i>Category of personnel</i>	<i>Authorized<sup>a</sup></i>	<i>Encumbered</i>	<i>Vacant</i>	<i>Vacancy rate (percentage)</i>
Military observers	38	36	2	5.0
United Nations civilian police	1 680	1 529	151	9.0
Formed police units	398	499	(101)	(25.0)
International staff	616	481	135	22.0
National staff	2 084	1 983	101	5.0
United Nations Volunteers	163	144	19	12.0

<sup>a</sup> Represents the highest authorized strength.

11. The Committee was informed of the difficulty of retaining staff in UNMIK. As it is winding down, the Mission is losing its valuable and experienced human resources to other missions and organizations of the United Nations system, as well as those outside the system. According to the Secretariat, various measures are being considered that could help mitigate this problem at UNMIK. **The Committee recommends that action to redress this problem be expedited.**

12. The Committee was provided with expenditure data for the period from 1 July 2006 to 30 June 2007 as at 28 February 2007 (see annex I below). Expenditure for the period from 1 July 2006 to 28 February 2007 amounted to \$139,858,800 gross (\$131,723,100 net). The Secretariat estimates projected expenditures for the period from 1 March to 30 June 2007 at \$67,498,400. Thus the total expenditures for the current financial period are estimated at \$207,357,200 gross (\$191,617,900 net),

which would result in an unencumbered balance of \$10,604,800 gross (\$9,807,500 net), compared to an apportionment of \$217,962,000 gross (\$201,425,400 net).

### III. Proposed budget for the period from 1 July 2007 to 30 June 2008

#### A. Mandate and planned results

13. The mandate of the Mission was established by the Security Council in its resolution 1244 (1999) of 10 June 1999. As indicated in the budget document (see A/61/776, para. 6), during the 2007/08 budget period, the Mission will continue to adapt its structures as further competencies are transferred to local institutions of self-government. With the establishment of the Ministries of Justice and Internal Affairs, it is proposed that the post of Deputy Special Representative of the Secretary-General for Rule of Law at the Assistant Secretary-General level be abolished. Through its international judges and prosecutors, the Mission will continue to address the most serious cases of inter-ethnic crime, organized crime, corruption and war crimes since the local justice system is not yet in a position to take on those responsibilities. The Mission will also continue to assist the Office of the United Nations Special Envoy for the future status process with expert and technical advice as it works towards a final political settlement.

14. As competencies are transferred to local institutions of self-government, the Committee notes that the proposed 2007/08 staffing establishment of UNMIK reflects a corresponding net reduction of 61 posts and one United Nations Volunteer position. **The Committee trusts that, as the Mission continues to transfer competencies and undergoes downsizing, its organizational and staffing structure, as well as the grade levels of posts, will be kept under review.**

#### B. Resource requirements

##### 1. Military and police personnel

<i>Category</i>	<i>Approved 2006/07<sup>a</sup></i>	<i>Proposed 2007/08</i>	<i>Variance</i>
Military liaison officers	38	38	—
United Nations police	1 680	1 565	(115)
Formed police units	398	513	115

<sup>a</sup> Represents the highest level of authorized/proposed strength.

15. The estimated requirements of \$62,083,300 reflect a net decrease of \$2,713,900 (4.2 per cent) in military and police personnel costs, compared to the apportionment of \$64,797,200 for 2006/07. The decrease is owed mainly to the reduction of the number of United Nations police officers from a maximum authorized strength of 1,680 in 2006/07 to 1,565 in 2007/08, and to the increase from 5 to 10 per cent of the delayed deployment factor in the computation of applicable costs compared to the 2006/07 financial period. The Committee notes

that a 2 per cent turnover factor was used in the computation of the estimated requirements for personnel of formed police units.

## 2. Civilian personnel

<i>Category</i>	<i>Approved 2006/07</i>	<i>Proposed 2007/08<sup>a</sup></i>	<i>Variance</i>
International staff	616	603	(13)
National staff	2 084	2 036	(48)
United Nations Volunteers	163	162	(1)

<sup>a</sup> Excludes 7 positions of the Conduct and Discipline Team funded from general temporary assistance.

16. The total estimated requirements of \$127,262,300 under civilian personnel for 2007/08 reflect a net effect of an increase under international staff (\$1,136,400) and national staff (\$49,900) and a decrease of \$250,400 under United Nations Volunteers. The Committee was informed that since the variances under civilian personnel were below the 5 per cent threshold, they were not explained in the budget document. The Committee's comments and recommendations on the application of the 5 per cent threshold are reflected in its general report on peacekeeping operations.

17. The Committee was informed that, in line with the proposal by the Secretary-General to establish an initial after-service health insurance-related charge of 8 per cent against net base salary costs on all budget types (see A/61/730, para. 35 (b)), the proposed budget for UNMIK includes provisions for after-service health insurance of \$2,460,000 under common staff costs of international staff and of \$20,400 under general temporary assistance for five international positions of the Conduct and Discipline Team. **Pending a decision by the General Assembly on the funding of after-service health insurance, the Committee recommends a reduction of \$2,460,000 under common staff costs of international staff and \$20,400 under general temporary assistance in the proposed budget of UNMIK for the period 2007/08.**

### Recommendations on posts

18. Summary of proposed staffing changes provided by the Secretariat is contained in annex II below. **The Committee agrees with the proposed staffing establishment of the Mission during the period 2007/08 (see also para. 14 above).**

## 3. Operational costs

<i>Apportioned 2006/07</i>	<i>Proposed 2007/08</i>	<i>Variance</i>
\$26 838 400	\$23 811 600	(\$3 026 800)

19. Although the estimated requirements of \$23.8 million under operational costs show an overall decrease of over \$3 million, they include a significant increase of \$817,200 under air operations, i.e. 99.5 per cent over the apportionment of \$821,000

for the current financial period. The Committee notes from the budget submission that, pending the approval of a new contract for the helicopter used by the Mission, the estimates under air operations are based on a similar contract cost structure for the same type of helicopter at the United Nations Mission in the Sudan. Upon enquiry, the Committee was informed that the main factor contributing to the higher costs in respect of the 2007/08 budget is higher guaranteed fleet costs (\$1,425,400, compared to \$531,700 during the period 2006/07).

### C. Other matters

20. The Committee also had before it the report of the Board of Auditors on accounts of United Nations peacekeeping operations for the 12-month period from 1 July 2005 to 30 June 2006<sup>1</sup> and the report of the Office of Internal Oversight Services (OIOS) on the horizontal audit of fuel management in peacekeeping missions (A/61/760). The auditors of OIOS found, inter alia, that there had been an overpayment of approximately \$2 million over a period of four years to a major fuel contractor in UNMIK (see A/61/760, para. 15 (a)). The Committee was informed that the full amount of the overpayment had been recovered from the vendor.

## IV. Conclusions

21. The action to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2005 to 30 June 2006 is indicated in paragraph 23 of the performance report (A/61/675, sect. V). **The Committee recommends that the unencumbered balance of \$6,136,200, as well as other income/adjustments in the amount of \$6,484,600 for the period ended 30 June 2006, be credited to Member States in a manner to be determined by the General Assembly (see para. 7 above).**

22. The action to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2007 to 30 June 2008 is indicated in paragraph 72 of the budget report (A/61/776, sect. IV). **Taking into account its observations in paragraph 17 above, the Committee recommends that the General Assembly appropriate an amount of \$210,676,800 gross for the maintenance of the Mission for the 12-month period from 1 July 2007 to 30 June 2008.**

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<sup>1</sup> *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5 (A/61/5), vol. II.*

*Documentation*

- Performance report on the budget of the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2005 to 30 June 2006 (A/61/675)
- Budget for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2007 to 30 June 2008: report of the Secretary-General (A/61/776)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the 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 Administration Mission in Kosovo (A/60/809)
- Reports of the Secretary-General on the United Nations Interim Administration Mission in Kosovo (S/2006/906 and S/2007/134)
- Report of the Board of Auditors on accounts of United Nations peacekeeping operations for the 12-month period from 1 July 2005 to 30 June 2006 (A/61/5 (Vol. II))
- Report of the Office of Internal Oversight Services on the horizontal audit of fuel management in peacekeeping missions (A/61/760)
- General Assembly resolution 59/286 B of 22 June 2005 on the financing of the United Nations Interim Administration Mission in Kosovo
- General Assembly resolution 61/264 on liabilities and proposed funding for after-service health insurance benefits
- Security Council resolution 1244 (1999) of 10 June 1999

## Annex I

**Current and projected expenditures of the United Nations  
Interim Administration Mission in Kosovo for the period  
from 1 July 2006 to 30 June 2007**

Class description	Expenditures as of 28 February 2007			Projected/1 March to 30 June 2007		
	Apportionment (1)	Total expenditure (2)	Unencumbered balance (3) = (1) - (2)	Expenditure 1 March to 30 June 2007 (4)	Total expenditure including projected (5) = (2) + (4)	Estimated unencumbered balance as at 30 June 2007 (6) = (1) - (5)
<b>Military and police personnel</b>						
Military observers	1 364.7	892.8	471.9	438.8	1 331.6	33.1
Military contingents	—	—	—	—	—	—
United Nations police	55 823.0	35 554.3	20 268.7	18 224.4	53 778.7	2 044.3
Formed police units	7 609.5	6 928.1	681.4	2 348.4	9 276.5	(1 667.0)
<b>Subtotal</b>	<b>64 797.2</b>	<b>43 375.2</b>	<b>21 422.0</b>	<b>21 011.6</b>	<b>64 386.8</b>	<b>410.4</b>
<b>Civilian personnel</b>						
International staff	74 712.0	45 291.6	29 420.4	26 586.8	71 878.4	2 833.6
National staff	45 269.6	28 109.9	17 159.7	12 622.3	40 732.2	4 537.4
United Nations Volunteers	6 344.8	4 594.2	1 750.6	1 750.6	6 344.8	—
<b>Subtotal</b>	<b>126 326.4</b>	<b>77 995.7</b>	<b>48 330.7</b>	<b>40 959.7</b>	<b>118 955.4</b>	<b>7 371.0</b>
<b>Operational costs</b>						
General temporary assistance	718.9	132.5	586.4	241.6	374.1	344.8
Government-provided personnel	—	—	—	—	—	—
Civilian electoral observers	—	—	—	—	—	—
Consultants	—	46.7	(46.7)	—	46.7	(46.7)
Official travel	877.7	615.4	262.3	262.2	877.6	0.1
Facilities and infrastructure	11 293.6	8 102.8	3 190.8	2 337.5	10 440.3	853.3
Ground transportation	3 091.1	2 829.3	261.8	1 198.8	4 028.1	(937.0)
Air transportation	821.0	718.8	102.2	219.4	938.2	(117.2)
Naval transportation	—	—	—	—	—	—
Communications	4 078.3	2 251.1	1 827.2	538.7	2 789.8	1 288.5
Information technology	3 997.4	2 492.0	1 505.4	362.7	2 854.7	1 142.7
Medical	391.7	183.3	208.4	42.9	226.2	165.5
Special equipment	49.4	49.4	—	44.5	93.9	(44.5)
Other supplies, services and equipment	1 519.3	1 066.6	452.7	278.8	1 345.4	173.9
Quick-impact projects	—	—	—	—	—	—
<b>Subtotal</b>	<b>26 838.4</b>	<b>18 487.9</b>	<b>8 350.5</b>	<b>5 527.1</b>	<b>24 015.0</b>	<b>2 823.4</b>



<i>Class description</i>	<i>Expenditures as of 28 February 2007</i>			<i>Projected/1 March to 30 June 2007</i>		
	<i>Apportionment</i>	<i>Total expenditure</i>	<i>Unencumbered balance</i>	<i>Expenditure 1 March to 30 June 2007</i>	<i>Total expenditure including projected</i>	<i>Estimated unencumbered balance as at 30 June 2007</i>
	<i>(1)</i>	<i>(2)</i>	<i>(3) = (1) - (2)</i>	<i>(4)</i>	<i>(5) = (2) + (4)</i>	<i>(6) = (1) - (5)</i>
<b>Gross requirements</b>	<b>217 962.0</b>	<b>139 858.8</b>	<b>78 103.2</b>	<b>67 498.4</b>	<b>207 357.2</b>	<b>10 604.8</b>
Staff assessment income	16 536.6	8 135.7	16 536.6	7 603.6	15 739.3	797.3
<b>Net requirements</b>	<b>201 425.4</b>	<b>131 723.1</b>	<b>61 566.6</b>	<b>59 894.8</b>	<b>191 617.9</b>	<b>9 807.5</b>
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—
<b>Total requirements</b>	<b>217 962.0</b>	<b>139 858.8</b>	<b>78 103.2</b>	<b>67 498.4</b>	<b>207 357.2</b>	<b>10 604.8</b>

## Annex II

### Summary of proposed staffing changes

<i>Office/Section/Unit</i>	<i>Number</i>	<i>Level</i>	<i>Description</i>
<b>Executive direction and management</b>			
Office of the Special Representative of the Secretary-General	-1	D-1	Principal Adviser on Publicly Owned Enterprises
	+1	P-5	Senior Adviser for Rule of Law
	+1	P-3	Legal Adviser
	+1	GS (OL)	Administrative Assistant
	+1	UNV	Standards Implementation Reporting Officer
	<b>+3</b>		
<b>Component 1: substantive civilian</b>			
Office of Communities, Returns and Minorities	-1	D-1	Director
	+1	P-5	Head of the Office of Communities, Returns and Minorities
	-1	P-5	Deputy Director
	+1	P-4	Deputy Head of the Office of Communities, Returns and Minorities
	-3	P-4	Community Returns Officers
	-3	P-3	Minority Rights Officers
	-1	P-2	Minority Rights Officer
	-2	GS (OL)	Administrative Assistant
	+1	NO	Policy Coordination and Monitoring Officer
	-2	NS	Community Returns Assistant
	-1	NS	Administrative Assistant
	-2	UNV	Community Returns Officers
	-3	UNV	Minority Rights Officers
-2	UNV	Repatriation Officers	
	<b>-18</b>		
Office of Political Affairs	-1	D-1	Post abolished (Deputy Director)
	+1	P-5	Senior Political Affairs Officer (accommodated through the redeployment of 1 P-5 post from the disbanded Tirana Liaison Office)
	-1	P-5	Post abolished (Closed Tirana Liaison Office, used to accommodate 1 P-5 post)
	+1	P-4	Political Affairs Officer
	<b>0</b>		

<i>Office/Section/Unit</i>	<i>Number</i>	<i>Level</i>	<i>Description</i>
Office of Legal Affairs	-1	D-1	Deputy Legal Adviser: reclassification
	+1	P-5	Deputy Legal Adviser: reclassification
	<b>0</b>		
Office of the Spokesperson and Public Information	-1	P-5	Chief Press Officer
	-1	P-3	Campaign and Media Outreach Officer
	+1	NO	Campaign and Media Outreach Officer
	-1	UNV	Public Information Officer
	<b>-2</b>		
Office of Gender Affairs	-1	P-2	Gender Affairs Officer
	-1	GS/OL	Administrative Assistant
	+1	NO	Gender Affairs Officer
	-1	NS	Administrative Assistant
	-1	UNV	Civil Affairs Officer
	<b>-3</b>		
Department of Civil Administration	-4	P-4	Civil Affairs Officers
	+4	NO	Civil Affairs Officers
	<b>0</b>		
<b>Component 2: rule of law</b>			
Policy Office for Rule of Law	-1	ASG	Deputy Special Representative of the Secretary-General for Rule of Law
	-1	P-5	Senior Adviser for Rule of Law
	-1	P-3	Legal Adviser
	-1	GS (OL)	Administrative Assistant
	-1	UNV	Standards Implementation Reporting Officer
	<b>-5</b>		
Office of the Police Commissioner	-1	P-4	Legal Officer
	-1	P-3	Facilities Engineer
	-55	NS	Language Assistants
	-8	UNV	Finance (2); Procurement (2); Facilities (2); and Logistics (2) Officers
	<b>-65</b>		
International Judicial Support Division	+16	FS	Court Recorders (8); Translators (8)

<i>Office/Section/Unit</i>	<i>Number</i>	<i>Level</i>	<i>Description</i>
<b>Component 3: support</b>			
Medical Services Section	+1	FS	Registered Nurse
	+7	UNV	Doctors
	<b>+8</b>		
Regional Administrative Group	-1	P-3	Regional Administrative Officer
	+2	NO	Regional Administrative Officers
	<b>+1</b>		
United Nations Volunteers Support Unit	-1	UNV	Support Officer — Redeployed to the Finance Section
Office of the Chief of Administrative Services	-1	P-3	Administrative Officer
	+1	NO	Administrative Officer
	<b>0</b>		
Finance Section	-1	FS	Finance Assistant
	+1	UNV	Finance Assistant
	+1	UNV	Redeployed from the UNV Support Group
	<b>+1</b>		
Personnel Section	+1	P-3	Career Development Officer
	-1	P-4	Human Resources Officer
	<b>0</b>		
Procurement Section	-1	P-2	Procurement Officer
	+1	NO	Procurement Officer
	<b>0</b>		
Language Unit	-1	P-4	Head of Unit
	-1	P-2	Translator/Interpreter
	<b>-2</b>		
Office of the Chief of Technical Support Services	-1	GS (OL)	Administrative Assistant
Logistics Operations Support Section	-1	P-4	Chief Logistics Officer
Engineering Section	-1	P-4	Civil Engineer (Reclassification)
	+1	P-2	Civil Engineer (Reclassification)
	<b>0</b>		

<i>Office/Section/Unit</i>	<i>Number</i>	<i>Level</i>	<i>Description</i>
Communications and Information Technology Section	+1	UNV	Communications Officer
	+1	UNV	Information Technology Assistant
	+3	UNV	Communications Assistants
	+3	UNV	Information Technology Assistants
	-1	P-2	Associate Communications Officer
	-1	GS (PL)	Information Technology Assistant
	<b>+6</b>		
Transport Section	-1	FS	Administrative Assistant
Security Section	+1	P-3	Security Information and Coordination Cell Supervisor
	+1	P-3	Operations, Plans and Training Supervisor
	<b>+2</b>		
<b>Total</b>			
International	-13		
National	-48		
UNVs	-1		
	<b>-62</b>		