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

Financing of the United Nations Mission in Ethiopia and Eritrea

Financial performance report for the period from 1 July 2007 to 30 June 2008 of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2007/08	\$113,483,400
Expenditure for 2007/08	\$106,085,200
Unencumbered balance	\$7,398,200

1. The Advisory Committee on Administrative and Budgetary Questions has considered the performance report on the budget of the United Nations Mission in Ethiopia and Eritrea (UNMEE) for the period from 1 July 2007 to 30 June 2008 (A/63/562). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The general report of the Advisory Committee on the administrative and budgetary aspects of United Nations peacekeeping operations contains its views and recommendations on a number of cross-cutting issues (A/63/746). In the paragraphs below, the Committee deals with resources and other items that relate specifically to UNMEE. That report also contains the comments of the Advisory Committee on the report of the Board of Auditors on the United Nations peacekeeping operations (A/63/5 (Vol. II), chap. II).

3. The documents reviewed and used for background by the Advisory Committee in its consideration of the financing of UNMEE are listed at the end of the present report.



4. The mandate of the Mission was established by the Security Council in its resolutions 1312 (2000) and 1320 (2000), further adjusted by the Council in its resolution 1430 (2002) and extended by the Council in subsequent resolutions. In its resolution 1827 (2008), the Security Council decided to terminate the mandate of UNMEE effective 31 July 2008. The report of the Advisory Committee on the donation of assets of UNMEE is contained in document A/63/761.

5. By its resolution 61/248 B, the General Assembly appropriated an amount of \$113,483,400 gross (\$110,643,000 net) for the maintenance of the Mission for 2007/2008. Expenditures for the period totalled \$106,085,200 gross (\$103,246,000 net) against an apportionment of \$113,483,400. The resulting unencumbered balance of \$7,398,200 gross (\$7,397,000 net) represents, in gross terms, 6.5 per cent of the appropriation. An analysis of key resource variances of the underexpenditures and overexpenditures of the Mission is provided in section IV of the performance report (A/63/562).

6. The underexpenditures of UNMEE were attributable mainly to:

(a) Lower requirements for mission subsistence allowance for military observers owing to a vacancy rate of 24.5 per cent compared to the budgeted rate of 2.0 per cent resulting from fuel restrictions and the temporary relocation and subsequent repatriation of military personnel;

(b) Lower expenditures for the reimbursement of troop-contributing countries for major equipment owing to the repatriation of military contingents;

(c) Reduced requirements under facilities and infrastructure as a result of lower generator fuel consumption owing to the fuel restrictions imposed in Eritrea, combined with lower than budgeted requirements for security services and reimbursement of troop-contributing countries for self-sustainment costs owing to the early relocation and repatriation of military personnel from Eritrea;

(d) Reduced requirements under ground transportation as a result of the fuel restrictions imposed in Eritrea; the suspension of the vehicle replacement programme; and lower actual spare parts expenditure.

7. The underexpenditures of the Mission were offset in part by overexpenditures relating mainly to:

(a) Increased requirements for the transportation of contingent-owned equipment owing to the early and unplanned relocation and repatriation of military contingents;

(b) Higher requirements under mission subsistence allowance for military contingents for the payment of mission subsistence allowance to staff officers in lieu of reimbursement to troop-contributing Governments, pursuant to General Assembly resolution 61/276;

(c) The implementation of a revised national staff salary scale effective 1 March 2007 in Eritrea;

(d) Revised living allowance entitlements and hazardous duty station allowances for United Nations Volunteers;

(e) Higher requirements, including fuel, under air transportation owing to an increase in flight hours and an increase in aircraft rental costs.

8. The Advisory Committee was informed that, as at 30 April 2009, a total of \$1,332,814,000 had been assessed on Member States in respect of UNMEE since its inception. Payments received as at the same date amounted to \$1,315,364,000, leaving an outstanding balance of \$17,450,000. The Advisory Committee recalls that the General Assembly has, in a number of resolutions and most recently in resolution 61/233 B, urged all Member States to make every possible effort to ensure the payment of their assessed contributions in full.

9. In respect of death and disability compensation, \$582,000 had been paid for 45 claims since the inception of the Mission and two claims were pending. A total of \$128,000 in unliquidated obligations remained outstanding. **The Advisory Committee expects that the outstanding claims will be settled expeditiously.**

10. Upon request, the Committee was provided with a summary of the financial position of the Mission as at 30 April 2009. As shown in the table below, taking into account liabilities and credits due to Member States, UNMEE has a cash shortfall of \$14.7 million.

Summary of financial position as at 30 April 2009

(Thousands of United States dollars)

<i>Description</i>	<i>Amount</i>
I. Cash assets	12 478.5
II. Cash requirements (liabilities)	9 603.5
III. Cash available (I less II)	2 875.0
IV. Credits to Member States from the 2007/08 period	
a. Unencumbered balance	7 398.2
b. Other income:	
Interest income	1 891.6
Other/miscellaneous income	356.4
Cancellation of prior-period obligations	7 965.2
Subtotal, other income	10 213.2
Total, unencumbered balance and other income	17 611.4
V. Cash shortfall (III less IV)	(14 736.4)

11. The Advisory Committee recalls that financial regulation 5.5 of the Financial Regulations and Rules of the United Nations stipulates that:

“Appropriations required in respect of obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the twelve-month period provided for in regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the twelve-month period provided in regulation 5.3. At the end of the additional four-year period any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained will be surrendered.”

12. The actions to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2007 to 30 June 2008 are indicated in paragraph 48 of the performance report (A/63/562). **Bearing in mind the Mission cash shortfall of \$14.7 million as at 30 April 2009, the Advisory Committee recommends approval of the Secretary-General's proposal that the General Assembly:**

(a) **Take note of the total amount of \$17,611,400 comprising the unencumbered balance of \$7,398,200 with respect to the period from 1 July 2007 to 30 June 2008 and other income for the period ended 30 June 2008 amounting to \$10,213,200 from interest income (\$1,891,600), other/miscellaneous income (\$356,400), and cancellation of prior-period obligations (\$7,965,200);**

(b) **Defer to its sixty-fourth session a decision on the treatment of the amount of \$17,611,400 as indicated above.**

Documentation

- Performance report on the budget of the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2007 to 30 June 2008 (A/63/562)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the donation of assets of the United Nations Mission in Ethiopia and Eritrea (A/63/761)
- Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2008 (A/63/5 (Vol. II), chap. II)
- General Assembly resolution 61/248 on the financing of the United Nations Mission in Ethiopia and Eritrea
- Security Council resolutions 1827 (2008), 1798 (2008), 1767 (2007) and 1741 (2007)