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

Financing of the United Nations Observer Mission in Georgia

Financial performance report on the budget of the United Nations Observer Mission in Georgia for the period from 1 July 2009 to 30 June 2010

Report of the Advisory Committee on Administrative and Budgetary Questions

Apportionment for 2009/10	\$10,946,000
Expenditure for 2009/10	\$10,280,800
Unencumbered balance	\$665,200

1. The Advisory Committee on Administrative and Budgetary Questions has considered the performance report on the budget of the United Nations Observer Mission in Georgia (UNOMIG) for the period from 1 July 2009 to 30 June 2010 (A/65/681). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The documents reviewed and used for background by the Advisory Committee in its consideration of the performance of UNOMIG are listed at the end of the present report.

3. The mandate of UNOMIG was established by the Security Council in its resolution 858 (1993), expanded in its resolution 937 (1994) and extended until 15 June 2009 in its resolution 1866 (2009).

4. The initial budget for the maintenance of UNOMIG for the period from 1 July 2009 to 30 June 2010, amounted to \$38,838,500 gross (\$36,295,700 net) (see A/63/684). The Advisory Committee recommended an appropriation of \$34,484,200, pending a decision of the Security Council on whether to extend the mandate of the Mission (see A/63/746/Add.6, para. 18). As indicated in the



preceding paragraph, by its resolution 1866 (2009), the Security Council decided to extend the mandate of UNOMIG until 15 June 2009.

5. Subsequently, the General Assembly by its resolution 63/293, decided to appropriate the amount of \$15 million for the administrative liquidation of the Mission for the period from 1 July to 31 December 2009 and to apportion among Member States the amount of \$10 million for the period from 1 July to 31 December 2009. In the same resolution, the General Assembly requested the Secretary-General to submit the administrative liquidation budget for the Mission for consideration by the Assembly at the main part of its sixty-fourth session.

6. A revised budget for UNOMIG for the period from 1 July 2009 to 30 June 2010 was submitted to the General Assembly at its sixty-fourth session. The revised budget amounted to \$10,946,999 gross (\$10,012,500 net) and provided the financial resources for the administrative liquidation of the Mission during a four-month period, from 1 July to 31 October 2009 (see A/64/464). In its related report, the Advisory Committee recommended that the General Assembly appropriate \$10,946,000 gross for the period from 1 July 2009 to 30 June 2010 (see A/64/529, para. 21).

7. The General Assembly, by its resolution 64/234, decided to reduce the appropriation of \$15 million by the amount of \$4,054,000, to \$10,946,000 for the period from 1 July to 31 October 2009. In the same resolution, the Assembly decided to apportion an additional amount of \$946,000, taking into account the amount of \$10,000,000 already apportioned by the Assembly. Subsequently, the total amount of \$10,946,000 was assessed on Member States for the period from 1 July to 31 October 2009.

8. As indicated in the performance report, the total expenditures for the reporting period amounted to \$10,280,800 gross, which is \$665,200 less than the \$10,946,000 appropriated. An analysis of the key resource variances is provided in sections III and IV of the report (A/65/681).

9. The underexpenditures were mainly attributable to:

- Lower-than-budgeted freight costs for shipping equipment. The Advisory Committee was informed, upon enquiry, that while it had been initially anticipated that most equipment would be shipped to the United Nations Logistics Base for storage, the majority of assets were ultimately shipped to other missions at those missions' expense;
- Lower-than-budgeted requirements for dismantling and restoring the facilities at the Mission headquarters in Sukhumi because the premises were taken over "as is" by the Office of the United Nations High Commissioner for Refugees (UNHCR) at a significant saving to UNOMIG.

10. The reduced requirements were partially offset by the higher-than-budgeted cost of termination indemnities, lump-sum payments for annual leave balances, repatriation grants and other separation costs arising from the repatriation of international staff and separation of national staff. Upon enquiry, the Advisory Committee was informed that actual separation payments amounted to \$374,360 for international staff and \$2,445,829 for national staff. As indicated in the performance report, the redeployment of funds from operational costs to civilian personnel costs, amounting to \$856,000, was necessary to cover the cost of the separation payments

(A/65/681, para. 23). In addition, there were higher-than-budgeted requirements for information technology (IT) services and fees. Upon enquiry, the Advisory Committee was informed that the variance was attributable to the underestimation of centralized IT services in the revised liquidation budget.

11. Liquidation activities commenced on 1 July 2009 and were completed on 31 October 2009. The liquidation tasks included closing down premises, processing vendor invoices, terminating contracts, closing bank accounts and processing staff separation payments.

12. During the liquidation period, 13 United Nations police officers and 110 military observers were repatriated; 98 international staff were separated, with 83 reassigned to other missions and 15 repatriated; and 203 national staff members were separated and termination indemnity was paid to the 202 who were eligible. In accordance with the staff rules and regulations, repatriation grants and other separation entitlements were paid to the 15 international staff members that were repatriated. Upon enquiry, the Advisory Committee was informed that all efforts had been made to secure placement for the international staff in other missions. The 15 staff members who were repatriated had either not found the available placement opportunities suitable or had opted to separate from the Organization. **The Advisory Committee notes the efforts made to find placement in other missions for the international staff of UNOMIG and encourages the Department of Field Support to draw lessons learned from the Mission's experience in this regard.**

13. The office premises in Tbilisi, Sukhumi, Gali and Zugdidi were vacated after being cleaned in an environmentally friendly manner and restored to their original condition in conformity with local laws. Similarly, equipment and other property were disposed of in accordance with the liquidation manual and regulation 5.14 of the Financial Regulations and Rules of the United Nations. Some assets were transferred to other United Nations peacekeeping missions, others were transferred to other United Nations activities funded from assessed contributions, and some assets not required by current or future United Nations activities funded from assessed contributions were transferred to UNHCR. In section II.E of his report, the Secretary-General indicated that, in accordance with the agreement reached, the premises in Sukhumi that were handed over to the agency were not restored to their original condition. The Committee was informed that through the agreement with UNHCR, the United Nations was indemnified from any future claims concerning the handover of premises without their being restored to their original condition. Assets not required for current or future United Nations missions or agencies were commercially disposed of by sale. These included information and communication technology equipment, accommodation equipment, transport assets and other supply assets.

14. The Advisory Committee notes the actions taken to accomplish the liquidation exercise and to implement the recommendations of the Board of Auditors with regard to the physical verification and discrepancies, assets pending write-off and disposal, and stock ratios and surplus (A/64/5 (Vol. II)). In addition, the Committee welcomes the weekly liquidation reports filed by UNOMIG, which should serve as a reference for future liquidations exercises at other field missions.

15. With regard to the financial position of the Mission, as at 30 June 2010, \$3,727,100 in cash was available in the special account and \$1,240,700 in cash was

required to cover total liabilities in the Mission's accounts as at that date. Credit due to Member States for the 2009/10 financial period amounted to \$1,806,800, leaving a cash surplus of \$679,600 in the Mission's accounts. **The Advisory Committee expects that information on the utilization of the cash surplus of \$679,600 will be provided in the next performance report.**

16. The actions to be taken by the General Assembly in connection with the financing of UNOMIG for the period from 1 July 2009 to 30 June 2010 are indicated in paragraph 38 (a) and (b) of the performance report (A/65/681). **The Advisory Committee recommends that the unencumbered balance of \$665,200, as well as other income and adjustments in the amount of \$1,141,600, be credited to Member States in a manner to be determined by the General Assembly.**

Documentation

- Performance report on the budget of the United Nations Observer Mission in Georgia for the period from 1 July 2009 to 30 June 2010 (A/65/681)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report of the United Nations Observer Mission in Georgia for the period from 1 July 2008 to 30 June 2009 and proposed revised budget of the United Nations mission for the period from 1 July 2009 to 30 June 2010 (A/64/529)
- Revised budget for the United Nations Observer Mission in Georgia for the period from 1 July 2009 to 30 June 2010 (A/64/464)
- General Assembly resolution 63/293 on the financing of the United Nations Observer Mission in Georgia
- Security Council resolution 1866 (2009)