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FINANCING OF THE UNITED NATIONS EMERGENCY FORCE AND OF THE
UNITED NATIONS DISENGAGEMENT OBSERVER FORCE

Report of the Advisory Committee on Administrative and
Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Emergency Force (UNEF) and of the United Nations Disengagement Observer Force (UNDOF) (A/9822).
2. UNEF was established under Security Council resolution 340 (1973) of 25 October 1973 and extended for successive periods of six months by Security Council resolutions 346 (1974) of 8 April 1974 and 362 (1974) of 23 October 1974. UNDOF was established by the Security Council in its resolution 350 (1974) of 31 May 1974 for an initial period of six months. In its resolution 3101 (XXVIII), the General Assembly appropriated an amount of \$30 million for the operation of UNEF for the six-month period from 25 October 1973 to 24 April 1974, and authorized the Secretary-General to enter into commitments for UNEF at a rate not to exceed \$5 million per month for the period from 25 April to 31 October 1974 inclusive. Expenses relating to UNDOF have been met by the Secretary-General from the funds available to him for UNEF.
3. The Secretary-General indicates that the costs of UNEF and UNDOF for the period 25 October to 24 October 1974 will reach a level substantially higher than the amount of \$60 million representing the appropriation for the first six months of UNEF and the limit of commitments for the following six months. The amount of the shortfall will depend on the decision to be taken by the General Assembly as to the level of payment to troop contributing countries for troop costs incurred by them; this question is discussed in paragraphs 5, 6, 22 and 24 below. On the basis of the assumptions referred to by the Secretary-General in paragraphs 18 and 23 of his report (A/9822), the revised cost estimates for the two Forces for the period from 25 October 1973 to 24 October 1974 amount to \$36.5 million by way of payments to troop contributors (see annex below, item 7, col. III) and \$43.3 million for other costs (see annex, item 6, col. III), or a total of \$79.8 million (see annex, item 8, col. III), which the Secretary-General will have to receive by way of

contributions in order to meet the expenses of UNEF and UNDOF for the period ended 24 October 1974. This total exceeds the original estimate of \$60 million by \$19.8 million.

4. The Secretary-General's cost estimates for the six-month period from 25 October 1974 to 24 April 1975, using the same assumptions as to the rate of payment to troop contributors, amount to \$40 million (see annex, item 8, col. VI). 1/

5. In paragraphs 13 to 21 of his report (A/9822), the Secretary-General describes developments since the twenty-eighth session of the General Assembly concerning the determination of the rate of payment to troop contributing countries for costs incurred by them. In paragraph 18, of his report the Secretary-General states that the troop contributing countries have proposed a rate of \$500 per man per month together with a supplementary payment of \$150 per man per month for a strictly limited number of specialist personnel.

6. Hitherto the basic principle governing payments to troop contributing countries has been that reimbursement should be made of the appropriate extra and extraordinary expenses which they incur. Departure from that principle would involve a political decision by the competent intergovernmental organ of the United Nations. The Advisory Committee would only point out that, even if that basic question were resolved, it would not, on the facts now available, be in a position to determine whether the rates proposed by the troop contributing countries were, on average, appropriate. This is so mainly because, as the Secretary-General states in paragraph 15 of his report (A/9822), several troop contributing countries did not feel able to supply the necessary detailed information, which they regarded as privileged.

Revised estimates for the period from 25 October 1973
to 24 October 1974 inclusive

7. The data summarized in the annex below (cols. I-III) show that the revised estimates for costs other than payments to troop contributing countries (item 7) are currently estimated by the Secretary-General at \$43,284,000, an increase of \$20,284,000 over the original estimate.

8. In its consideration of these revised estimates, the Advisory Committee recalled that, in its report to the General Assembly at its twenty-eighth session, it had reached the conclusion that, while savings could be expected under certain sections, under other sections the Secretary-General had taken a conservative view of potential requirements, and that furthermore no provision had been made for the repatriation of contingents and other costs of liquidating the Force, and for the rotation of contingents (A/9314, para. 24). The Committee had also referred, in its report, to the possibility that Member States might make more voluntary contributions in cash or in kind. The Committee notes that the magnitude of the revised estimates reflects in part the fact that, with the exception of the initial airlift, no voluntary contributions have been forthcoming.

1/ By resolution 3211 (XXIX) of 31 October 1974, the General Assembly authorized the Secretary-General to enter into commitments not to exceed \$5 million for UNEF (including UNDOF) for the period from 1 to 30 November 1974 inclusive.

9. The Advisory Committee was informed by the Secretary-General that, as in any military type operation, be it national or international, only general magnitudes of probable expenses could be estimated and that the Secretary-General's difficulties were compounded by the fact that, at the time the initial estimates had been drawn up, he did not even know which countries would furnish troops. The Advisory Committee agrees that, in such circumstances, a margin of error in the initial estimates could not easily be avoided.

10. The Secretary-General informed the Advisory Committee that the total shortfall of \$20.3 million can be broken down into three broad categories:

	\$
Omissions from the initial estimates	4.8 million
Under-estimation of direct costs	10.7 million
Under-estimation of equipment depreciation charges payable to Governments	5.2 million

These increases of \$20.7 million were offset by small savings in a few categories.

11. The omissions include \$2.6 million for the payment of a daily allowance to troops (see annex below, item 1 (a)) and \$2.2 million for the rotation of contingents (annex, item 3). The Secretary-General indicated to the Advisory Committee that, following requests in the course of the discussion in the Fifth Committee at the twenty-eighth session of the General Assembly, he had agreed to pay a daily allowance to troops; such an allowance at a rate equivalent to \$1.28 per day for all ranks has been paid since 1 December 1973.

12. The under-estimation of direct costs includes the following items:

	\$
Accommodation costs (annex, item 1 (e))	1.4 million
Freight, cartage and express (annex, item 2 (e))	2.0 million
Purchase of transportation and other heavy equipment (annex, item 2 (a) (b))	3.6 million
Rations (annex, item 1 (d))	2.6 million
Death and disability awards (annex, item 4)	1.1 million

The Secretary-General informed the Advisory Committee that under-estimation of accommodation costs was due to the fact that the expectation that housing accommodation would be furnished by Governments largely free-of-charge was not fulfilled. The two items mainly responsible for the extra costs were the need to spend \$700,000 to renovate buildings and camp sites at Ismailia for UNEF headquarters, and \$900,000 for the construction of prefabricated premises in the UNDOF sector. The additional requirement of \$2.0 million for freight, cartage and express (item 2 (e)) arose because the initial estimate had been based on the assumption, which failed to materialize, that such transportation would be provided free.

13. According to the Secretary-General, over-expenditure on the purchase of transportation and other equipment arose because the contingents, with one exception, did not bring all the necessary equipment with them. Therefore, the Secretary-General decided to buy more vehicles (a total of 586 vehicles, including 154 trailers, had to be purchased), as well as signal and communications equipment, tents, generators, refrigerators and other items. In this connexion, the Advisory Committee trusts that the Secretary-General will take the appropriate steps to recover, in due course, from the troop contributing countries for the use of whose contingents those items have been purchased, either the items in question or their residual value at the time of repatriation of the contingents concerned.

14. As regards rations, the initial estimate was based on a rate of \$1.60 per man per day. That was the going rate for UNFICYP, for which rations have been furnished by the United Kingdom of Great Britain and Northern Ireland at cost and supplied from its refrigerated warehouses in Cyprus. A similar arrangement could not be made for UNEF and UNDOF. Lack of warehousing and cold storage facilities meant that procurement had to be done in smaller quantities; it also contributed to losses through spoilage and pilferage. The prices of locally procured fresh food have risen considerably since the Force was established. Other factors which, according to the Secretary-General, have contributed to the higher expenditure on rations include the dispersal of the Force, the need to procure special foods because of the harsh climatic conditions in the desert and the special selection and procurement problems caused by differences in the national diets of individual contingents. The Secretary-General has informed the Advisory Committee that the average cost of the rations over the year amounted to \$3.14 per man per day, but that the most recent purchases had been running at a rate of \$3.40 per man per day.

15. The need for additional provision for death and disability awards is directly related to the high rate of casualties suffered by UNEF and UNDOF during the period prior to 24 October 1974 (23 deaths and 450 cases of injury and illness).

16. The revised estimate submitted by the Secretary-General for reimbursement to Governments of the cost of depreciation for contingent-owned heavy equipment and reimbursement for supplies (see annex below, item 2 (f)) shows an increase of \$5.2 million over the original figure of \$2 million. The Secretary-General informed the Advisory Committee that the original estimate had been based on the experience of UNFICYP, a substantial part of whose equipment and supplies are furnished by Governments at no cost to the United Nations. The Governments contributing troops to UNEF and UNDOF have indicated, however that, unlike the practice which was followed in previous operations, they intend to bill the United Nations for all depreciation for contingent-owned equipment at rates consistent with conditions in the area, and that they will charge the United Nations also for the initial stores and supplies brought by their contingents. The Advisory Committee trusts that, in his negotiations with the troop contributors on this item, the Secretary-General will ensure that the rate of depreciation charged is consistent with the expected life of the equipment and that the age and condition of the equipment, when received by the Force, will also be taken into account in the calculation of the depreciation owed to Governments for equipment provided by them.

Cost estimates for UNEF and UNDOF for the period from
25 October 1974 to 24 April 1975 inclusive

17. On the basis of the assumptions set out in paragraph 25 of his report (A/9822), the Secretary-General estimates these costs at \$40 million. However, as he states in paragraph 27, the estimates exclude costs which might arise if the headquarters of the Force were to be moved, if the location of troops or their equipment had to be changed or if additional specialized equipment had to be acquired; furthermore the estimates do not include repatriation and other liquidation costs, a margin to accommodate rising prices in the area and other contingent items which may arise.

18. The Secretary-General has submitted no information as to likely additional costs that would arise should the Security Council decide to extend the mandates of UNEF and UNDOF beyond 25 April 1975. But, in paragraphs 30 (e) and 31 of his report (A/9822), he refers to the need for the General Assembly to appropriate the additional amounts required and to provide him with authority to enter into commitments in the event that the Security Council takes such a decision. The Advisory Committee agrees that provision should be made for that eventuality and assumes that the related additional requirements will be of the order indicated in the preceding paragraph.

Collection of contributions

19. In paragraph 5 of its report to the General Assembly at its twenty-eighth session (A/9314), the Advisory Committee drew attention to the paramount importance of the early payment of contributions to the expenses of the Forces. The Secretary-General informed the Advisory Committee that, as at 13 November 1974, an amount of approximately \$6.8 million relating to the expenses of the Force for the year ended 24 October 1974 remained outstanding, of which a sum of \$3.8 million represented amounts due from four Member States which, in view of declarations by those States, must be assumed to be uncollectable.

20. The question of the "uncollectable" contributions will require a political decision. The Secretary-General has stated in his report (A/9822, para. 12) that he will be unable to meet all his obligations unless that deficiency is met by some means.

21. As stated in paragraph 3 above, the revised estimates of the costs for the period ended 24 October 1974 exceed the initial estimate of \$60.0 million by \$19.8 million. However, because the amount of \$3.8 million is deemed to be uncollectable, the Secretary-General requests the sum of \$23.6 million (that is, \$19.8 million + \$3.8 million), which would bring the total estimated funds requested to \$83.6 million.

Observations of the Advisory Committee on Administrative
and Budgetary Questions

22. In paragraph 6 above, the Advisory Committee expressed the view that the question of the rate of payment to troop contributing countries for their costs called for a political decision by the competent intergovernmental organ. Such a decision would have to be fair both to the countries contributing contingents and to the membership at large who are being asked to defray the expenses of UNEF and UNDOF through their assessed contributions. Assuming that the principle of supplementary payments for specialists is approved, there will also be need both to define the meaning of the term and to ensure the presence in the contingents of the specialists in respect of whom reimbursement will be sought.

23. While the Advisory Committee appreciates the difficulties facing the Secretary-General in the circumstances in which UNEF and UNDOF have had to operate, the Committee believes that they do not relieve the Secretary-General of the obligation to take all necessary action to ensure that the operations are conducted as economically as possible. In this context, the Advisory Committee noted that, in paragraph 3 of Security Council resolution 362 (1974), the Council expressed its confidence that the Force would be maintained with maximum efficiency and economy. The Secretary-General informed the Committee that a team of internal auditors has been dispatched to the area to check on the equipment received and on the rate of losses and spoilage of equipment and supplies. The accounts of UNEF and UNDOF will also be audited by the United Nations Board of Auditors. The Advisory Committee trusts that these measures will substantially contribute to efficiency and accountability. The Committee furthermore understands that the Secretary-General has taken steps to reduce costs by assigning to UNEF and UNDOF personnel and equipment (including vehicles) from other missions, and staff from other United Nations offices. The total number of staff so assigned amounts to 87, and the Advisory Committee was informed that their assignment has resulted in a total saving of 313 man-months during the year ended 24 October 1974.

24. The amount of additional resources which the Secretary-General will require for the year ended 24 October 1974 will depend on the prior resolution of the question of the rate of reimbursement to troop contributors and of the method of financing the shortfall of \$3.8 million now considered by the Secretary-General to be "uncollectable". With that proviso, and subject to the observations in the preceding paragraphs, the Advisory Committee accepts the estimates as submitted by the Secretary-General for items 1 to 5 in the annex below.

25. The Committee also accepts the estimates in columns IV to VI of the annex below, on the same understanding and subject to the extension of the mandate of UNDOF by the Security Council at least until 24 April 1975. At the same time, the Committee draws the attention of the General Assembly to the fact that, as indicated in paragraph 17 above, those estimates exclude a number of potential additions, which may raise the total requirements well above the estimate of \$40 million for the six-month period beginning 25 October 1974.

26. As the Secretary-General indicates in paragraph 32 of his report (A/9822), it will be necessary to provide, in the resolution to be adopted by the General Assembly regarding the financing of the Force, the required authorizations for expenditure. The content of those authorizations will depend on the decisions pending on this agenda item. The Advisory Committee will be prepared to advise, as required.

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ANNEX

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English
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Revised estimates for expenditures for UNEP and UNDOF for the period from 25 October 1973 to 24 October 1974 inclusive		Estimates for expenditures for UNEF and UNDOF for the period from 25 October 1974 to 24 April 1975 inclusive	
(In thousands of US dollars)		(In thousands of US dollars)	
I Original estimates a/ estimates	II Difference- increase (decrease)	III Revised estimates	IV UNEP
V UNDOF b/ Total	VI Total		
1. Local area and backstopping costs			
(a) United Nations daily allowance to troops	2,600	2,600	1,040
(b) Salaries and related costs of staff	(1)	2,999	1,700
(c) Travel and subsistence of military personnel	430	430	50
(d) Rations	2,577	6,577	2,950
(e) Rental, maintenance and construction of premises	1,415	2,015	420
(f) Rental of aircraft	(1,100)	900	560
(g) Communications	6	206	110
2. Force-wide equipment and supplies			
(a) Purchase of transportation equipment	340	3,140	260
(b) Purchase of other equipment	3,291	4,291	500
(c) Maintenance and operation of motor transport	(352)	2,648	1,800
(d) Supplies and services	2,529	4,029	1,680
(e) Freight, cartage and express	1,999	2,499	810
(f) Reimbursement for cost of depreciation for contingent-owned heavy equipment and reimbursement for supplies	5,200	7,200	2,500
3. Rotation of contingents	2,250	2,250	1,800
4. Death and disability awards	1,100	1,500	200
5. Contingency provisions	(2,000)	-	1,700
6. Subtotal	20,284	43,284	18,080
7. Payment for troop costs (see A/9822, para. 23)	(500)	36,500	14,300
8. Estimated grand total	19,784	79,784	32,380
			4,020
			22,100
			17,900
			40,000

a/ The preliminary estimates of expenditure submitted in the Secretary-General's report (A/9285) were simply doubled to arrive at these annualized estimates of expenditure.

b/ The costs included in this estimate for UNDOF for the period 25 October to 30 November 1974 inclusive are \$1.5 million.