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REQUEST FOR THE INCLUSION OF AN ADDITIONAL ITEM IN THE  
AGENDA OF THE FORTY-FOURTH SESSION

FINANCING OF THE UNITED NATIONS OBSERVER GROUP  
IN CENTRAL AMERICA

Addendum

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 Observer Group in Central America (ONUCA) (A/44/246/Add.1). During its consideration of the item, representatives of the Secretary-General provided additional oral and written information to the Advisory Committee.
2. By its resolution 644 (1989) of 7 November 1989, the Security Council approved the report of the Secretary-General (S/20895) of 11 October 1989 and decided to establish immediately a United Nations Observer Group in Central America (ONUCA) for a period of six months, in accordance with the mandate set out in paragraph 5 of the Secretary-General's report to the Council (S/20895) and reiterated in paragraph 1 of his report to the General Assembly (A/44/246/Add.1).
3. As stated in paragraph 6 of his report to the Assembly (A/44/246/Add.1), "the Secretary-General estimates the costs for ONUCA for the period of six months from 7 November 1989 to 6 May 1990, inclusive, at \$40.8 million gross (\$40.2 million net), at full cost". That amount includes prior commitments of \$3,450,000 for which commitment authority was sought under the terms of General Assembly resolution 42/227 of 21 December 1987 in order to meet expenses of an immediate nature during the interval between 7 November 1989 and the date the General Assembly decides on the financing of ONUCA. In this connection, the Secretary-General describes the actions which the General Assembly needs to take at its current session (ibid., para. 13).

4. The Secretary-General describes the operational plan for ONUCA in paragraph 7 of his report. The underlying assumptions used in developing the plan are enumerated in paragraph 10 thereof. The Advisory Committee notes that at full deployment the ONUCA operation would consist of the following:

<u>Military</u>	<u>Civilian</u>
260 observers	14 medical personnel
165 other military personnel a/	8 United Nations international staff b/
	82 locally-recruited staff

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a/ The Secretary-General's report was prepared on the assumption, as stated in paragraph 8, that an additional 50 military signals personnel might also be required during the initial stage of ONUCA, pending establishment of the communication network to be operated by United Nations staff. As discussed below, such a unit may not be necessary.

b/ As shown in annex II, the estimate includes 24 overload posts in New York.

5. The Advisory Committee notes that "the military observers assigned to ONUCA will be made available by the Member States on the same terms as observers provided to the United Nations Truce Supervision Organization" (*ibid.*, para. 10 (f)). The Secretary-General also states that the 14 medical personnel "will be made available by Member States on the same basis as observers" (*ibid.*, para. 10 (g)).

6. The Advisory Committee notes that the other military personnel will consist of crew and support personnel for both the fixed-wing aircraft and helicopters (115 persons) and the naval unit (50 persons) and that the Governments providing these personnel will be reimbursed on the basis of standard rates established by the General Assembly for troop costs. These other military personnel will also receive a daily subsistence allowance, which, as indicated in annex II of the report of the Secretary-General, will be in lieu of accommodation, rations, recreation/welfare and other facilities normally provided to troops (see para. 21 below).

7. As explained in paragraph 9 and annex II of the report of the Secretary-General, the deployment of ONUCA will be carried out in four phases. As indicated above, the total of \$40.8 million for the initial six months of ONUCA, which takes into account that deployment represents estimated requirements on a st basis. In this connection, the Advisory Committee notes that, ding a reconnaissance mission, there is a need to clarify in greater uain requirements of the mission after the mission has become operational. This fact was pointed out by the Secretary-General to the Security Council, at which time he also noted that it might be necessary to adjust and/or

reconfigure requirements for personnel and matériel. The Advisory Committee also notes that voluntary contributions might be forthcoming, which would have a possible consequent impact on the estimates.

8. The observations of the Advisory Committee with regard to the detailed estimates are contained in the paragraphs below.

9. The Secretary-General's report is supported by four annexes. Annex I gives a summary statement of the cost estimate, while annex II provides more detailed information on the line items contained in annex I. The proposed civilian staffing table of ONUCA is given in annex III, while annex IV provides the cost estimate of the operation for the 12-month period from 7 May 1990 to 6 May 1991.

10. As indicated in annex II, the estimate of \$3,360,400 for military observers provides for travel to and from the mission, daily subsistence allowance and clothing and equipment allowance. In this connection, the Secretary-General provides a table showing the phasing in of the observers by location. Representatives of the Secretary-General confirmed that the estimate for subsistence allowance was prepared on the basis of this phasing in. The applicable subsistence rates are provided in paragraph 1 of annex II; as noted therein, they were established (by the Secretary-General) "on the basis of the preliminary survey of costs by the reconnaissance mission to the region in September 1989".

11. The estimate of \$3,106,600 for other military personnel includes provision for the standard troop costs reimbursement and subsistence allowance for 50 military signals personnel. In this connection, representatives of the Secretary-General informed the Advisory Committee that it is now felt that it will no longer be necessary to enlist the aid of a military signals unit. Consequently, the estimate under other military personnel would reflect a reduction of \$339,500, comprising \$108,500 under standard troop costs reimbursement, and \$231,000 under subsistence allowance. The estimate under communication would also be reduced by \$398,000, that is, that part of the estimate related to the airlift and deployment of the military signals unit. However, as a result of this development, civilian staff and the necessary equipment would need to be in place at an earlier stage than foreseen when the estimates were prepared. Consequently, representatives of the Secretary-General informed the Committee that the savings indicated above could be offset by an amount as yet undetermined.

12. As shown in paragraph 4 above, the civilian component includes 104 international staff members in the mission area plus 24 overload posts in New York, in addition to 82 locally-recruited staff members. In response to inquiries concerning the 24 overload posts, the Advisory Committee was informed that overload posts are made available in the budgets of the peace-keeping operations to supplement the core capacity of the relevant offices at Headquarters providing managerial, legal, technical and administrative support as well as backstopping of such peace-keeping operations. The Committee was provided with a distribution of the 24 posts, which include 13 Professional and above and 11 General Service; in this connection it notes that the posts are distributed as follows:

Executive Office of the Secretary-General	5
Office of Legal Affairs	1
Office of Programme Planning, Budget and Finance	4
Office for Special Political Affairs	2
Office of Human Resources Management	2
Field Operations Division (Office of General Services)	9
Internal Audit Division	<u>1</u>
Total	24

It appears to the Committee that this number is high in comparison to overload levels for other operations, although in light of experience with those operations this number may be appropriate. The Committee will review this matter in the context of the performance report to be submitted on ONUCA (see para. 29 below).

13. Representatives of the Secretary-General also explained to the Advisory Committee that the functions performed by the overload posts at Headquarters are quite separate and distinct from those of ONUCA headquarters and its liaison offices in the mission area. In each of the five Central American countries there will be a liaison office headed by a colonel, designated Chief of Observer Group, who will command the ONUCA observers deployed in that country and conduct the necessary liaison with its Government. The staff of each of these liaison offices will include a civilian political officer (P-5), who will advise the Chief of Observer Group on all political aspects of his duties.

14. The total of 128 international posts (104 plus 24) includes, as shown in annex III to the Secretary-General's report, 1 Assistant Secretary-General, 2 D-2, 1 D-1, 6 P-5, 11 P-4, 9 P-2/3, 28 General Service and 70 Field Service posts. The related cost estimate for all international and local staff totals \$5,604,600 for the period from 7 November 1989 to 6 May 1990, as shown in annex I to the report.

15. As shown in annex II, the estimate for the initial six months of ONUCA includes \$4,247,000 for premises/accommodation. In this connection, the Advisory Committee notes that in developing the plan for ONUCA it was assumed that host Governments would be "expected to provide, at their own cost, suitable offices for ONUCA headquarters, liaison offices and verification centres, as well as the necessary space for the maintenance, servicing and parking of aircraft and servicing and anchorage of patrol boats" (*ibid.*, para. 10 (a)). At the same time, the Secretary-General also states in paragraph 10 (c) that "in view of the possibility that host Governments may not be able to provide all of the office accommodation required for ONUCA, supplemental accommodation may be required". Accordingly, office accommodation for ONUCA headquarters and the liaison offices will be rented where necessary and premises to accommodate some of the verification centres will be acquired and erected where necessary.

16. In this connection, the Advisory Committee notes from item 6 of annex II that the estimate of \$4,247,000 for premises/accommodation includes \$4,006,000 for the acquisition and construction of 22 pre-fabricated housing units to accommodate verification centres that are not expected to be available from host Governments (\$3,731,000) and for the renovation of 11 existing buildings provided by host Governments (\$275,000). The total estimate also includes \$186,000 to cover the rental of premises not provided by host Governments in respect of ONUCA headquarters and four liaison offices.

17. In response to inquiries concerning the magnitude of the estimate when considered in the context of the above-quoted expectation that suitable premises would be provided by host Governments, representatives of the Secretary-General emphasized that the estimates reflected the conclusions of the reconnaissance mission and the Secretariat's past experience in this regard. Representatives of the Secretary-General also informed the Committee that most of the verification centres were located along borders and that it was therefore difficult for the host Governments to locate suitable premises for the mission's use. In the circumstances, the estimates had been based on the best available information, it being understood that appropriate savings would be reflected in the event that the premises provided by host Governments were more than anticipated in the cost estimates. While recognizing the rationale behind the estimate, the Advisory Committee trusts that the host Governments will make every effort to provide the mission with suitable premises.

18. As stated above, the estimate for premises/accommodation includes \$3,731,000 for the acquisition and construction of 22 pre-fabricated housing units to accommodate verification units. In response to inquiries concerning the seemingly high unit cost of each unit (\$169,591, rounded), representatives of the Secretary-General explained that each unit is self-contained and that the price includes the cost of electricity, sewage units etc. Moreover, each unit would provide not only office space, but also accommodation for the military observers. Representatives of the Secretary-General also informed the Advisory Committee that if it is determined that constructing local units is cheaper than importing pre-fabricated units, this would be done. The Committee notes that the above-mentioned estimates represent the "worst case" scenario and that economies may be possible. The Committee will revert to this question in the context of the performance report to be submitted on ONUCA (see para. 29 below).

19. As mentioned above, the military observers are to receive a daily subsistence allowance. In this connection, representatives of the Secretary-General emphasized that the provision of accommodation in the pre-fabricated units did not represent double budgeting since the observers would be in a continual state of rotation and would stay in the accommodation included in the pre-fabricated units only during their stay at a particular centre. They would still be required to arrange for a "home base" accommodation to be financed by the subsistence allowance.

20. The equipment requirements for ONUCA are substantial; the amount budgeted for all equipment (marine vessels, aircraft, transportation equipment, communications and other equipment) and related charges, amounts to \$21,445,800. In this connection, the Secretary-General states in paragraph 10 (b) of his report that

"the bulk of the logistic and communications equipment requirements for ONUCA will need to be provided by international and/or local procurement in accordance with the normal procurement practice of the United Nations". As shown in annex II, however, some of the equipment (e.g. fast patrol boats, fixed-wing aircraft and helicopters) is expected to be provided by Governments who would receive reimbursement for the cost of operations. Representatives of the Secretary-General emphasized that this did not constitute an exception to the above-mentioned procedure. Rather, the estimates relating to government-provided equipment and services are based on the existing practice for acquiring contingent-owned equipment and services. Therefore, the possible provision of marine vessels, aircraft and helicopters, together with crew, would not be subject to the normal acquisition process whereby the United Nations would call for international competitive bidding. Representatives of the Secretary-General also emphasized that the estimate reflected realistic expectations at the time of preparation.

21. Representatives of the Secretary-General also clarified that it was not a question of providing, for example, armed helicopters. Rather, what was needed was a capability to meet the requirements of the operation that was normally not encountered in civilian helicopters. However, if in fact Governments did not provide the equipment as envisaged, it would be necessary to look into civilian rentals or charters and, in so doing, engage in international competitive bidding. In that event, the amounts shown in the Secretary-General's report for reimbursement to Governments for the operation of the fast patrol boats, the fixed-wing aircraft and helicopters would be replaced by the amounts necessary for rentals or charters. Amounts budgeted for troop reimbursement costs relating to the crews of the boats, aircraft and helicopters might also be replaced by salaries to civilian crew depending on the terms of a rental or charter. Representatives of the Secretary-General also indicated that in view of the many variables and uncertainties at this stage, it was not possible to quantify the difference in cost that might result.

22. In response to inquiries concerning possible voluntary contributions, the Advisory Committee was informed that the Secretary-General had received an offer for the provision of a fixed-wing aircraft as a voluntary contribution; however, no normal agreement had been concluded in that regard. Therefore, the estimates, as shown in annex II to the report, provide for reimbursement of the operating costs to a government and other related costs. If a government were to provide the fixed-wing aircraft on a non-reimbursable basis, it is likely that ONUCA would bear such costs as fuel, airport taxes and subsistence of the crew; however, it would not be expected to pay for the cost of reimbursement for operations, maintenance, emplacement, salary of crew, etc. In that event, savings to the operation would result. However, the exact amount would depend on the agreement reached between the Secretary-General and the Member State making such a contribution.

23. Notwithstanding the explanation of representatives of the Secretary-General, the Advisory Committee believes that the instances cited in paragraph 20 above do constitute exceptions to the normal procurement practice of the United Nations, albeit as a response to special circumstances. The Advisory Committee notes that this eventuality was not addressed in the Secretary-General's report on voluntary contributions (A/44/624). Under the circumstances, the Advisory Committee believes

that in obtaining supplies and services from Member States on a reimbursable basis, the Secretary-General should give priority to offers under conditions that are clearly advantageous to the United Nations. In this connection, the Secretary-General should also satisfy himself that the related valuation is advantageous to the United Nations. In evaluating whether the conditions are advantageous, the Secretary-General should take into account whether funds are readily available to procure in the normal manner and whether such supplies and services are available on the international market.

24. As shown in annex I of the report (A/44/246/Add.1), the estimate for the purchase of transportation equipment amounts to \$4,447,100. The Advisory Committee notes that this amount includes \$582,500 for the hiring of vehicles and \$3,523,300 for the purchase of vehicles. In this connection, the Secretary-General states under item 9 of annex II that during the first three months of the operation, that is, phases I and II, vehicles will be hired locally. The related estimate provides for the rental of 46 vehicles for 21 days during phase I and 141 vehicles for 62 days during phase II. As also indicated in annex II, provision has been made for the purchase of 218 vehicles that would only arrive in the mission area at the beginning of phase III. Included in the total of 218 are 30 vehicles to be transferred from the fleet of vehicles of the United Nations Observer Mission for the Verification of the Electoral Process in Nicaragua (ONUVEN). The Advisory Committee notes that this transfer "will be reflected in the accounts of ONUVEN and ONUCA on the basis of the depreciated value" (*ibid.*, annex II, item 9).

### Conclusion

25. As pointed out above, a number of uncertainties exist that may affect the estimates presented in the Secretary-General's report and make it difficult to quantify actual requirements. Under the circumstances, the Advisory Committee does not recommend a reduction in the Secretary-General's estimate (see para. 29 below).

26. The Advisory Committee emphasizes that the Secretary-General should endeavour to maximize savings wherever possible through the efficient rational use of resources. In so doing, he should also, as uncertainties affecting the estimate diminish, adjust the expenditure estimates in line with the actual situation, bearing in mind the appropriation or commitments authorized by the General Assembly.

27. Bearing in mind the above, the Advisory Committee recommends approval of the Secretary-General's estimate of \$40.8 million (gross) for the initial six months of the ONUCA operation. This is inclusive of \$3,450,000 in commitments authorized by the Advisory Committee pursuant to the provisions of General Assembly resolution 42/227.

28. The Advisory Committee, bearing in mind annex IV of the Secretary-General's report, also recommends that the General Assembly establish a monthly ceiling for expenditure of \$4,524,100 (gross) per month for the period beyond 6 May 1990 in the event that the Security Council decides to renew the mandate of ONUCA. Commitments against this ceiling should be made with the prior concurrence of the Advisory Committee.

29. In this connection, the Advisory Committee also requests that it receive at its spring 1990 session a detailed performance report on the initial six months operation of ONUCA. That report should include, inter alia, not only a detailed expenditure accounting, but also information on pending issues such as accommodation/premises and the provision of equipment by governments etc., including any voluntary contributions that may have been realized. The Advisory Committee intends to take this information into account when, in the event that the mandate of ONUCA is renewed, it reviews such additional commitments as the Secretary-General may request for subsequent mandate periods after 6 May 1990.

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