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UNITED NATIONS EMERGENCY FORCE:
BUDGET ESTIMATES FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 1958

Second report of the Advisory Committee on Administrative and Budgetary
Questions to the thirteenth session of the General Assembly

Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the Secretary-General's budget estimates for the United Nations Emergency Force (UNEF) in respect of the period 1 January to 31 December 1958 (A/3823).^{1/}
2. In doing so, the Committee has taken account of the following decisions of the General Assembly at its twelfth session:
 - (i) Resolution 1151 (XII) of 22 November 1957, by which the Assembly authorized, as necessary, an amount for the continuing operation of the Force beyond 31 December 1957 up to a maximum of \$25 million, subject to any decisions taken on the basis of the review by the Fifth Committee, with the assistance of the Advisory Committee on Administrative and Budgetary Questions, of: (a) the Secretary-General's cost estimates for maintaining UNEF for the first financial period November 1956 to 31 December 1957 contained in the Secretary-General's report to the General Assembly at its twelfth session (A/3694),^{2/} and (b) the expenditure authorized above;
 - (ii) Resolution 1204 (XII) of 13 December 1957, by which the General Assembly took note with approval of the Advisory Committee's twenty-sixth

^{1/} Official Records of the General Assembly, Thirteenth Session, Supplement No.5A.

^{2/} Official Records of the General Assembly, Twelfth Session, Annexes, agenda item 65.

report to the twelfth session of the General Assembly on its examination of the matters mentioned in (a) above (A/3761).^{3/}

3. With reference to the latter report, it will be recalled, in particular, that the Advisory Committee recommended in paragraph 5;

(a) That a formal budget for the Force in respect of 1958 should be prepared and published at the earliest possible moment;

(b) That initially the budget should cover the first half year, in effect reflecting the allotments made by the Secretary-General for that period;

(c) That, in view of the lower rate of expenditure foreseen for many items, the total for the first six months should not exceed \$9 to \$10 million, exclusive of extra and extraordinary expenses as approved for reimbursement by the Organization in accordance with the terms of General Assembly resolution 1151 (XII);

(d) That estimates for the full year should subsequently be made available to the Advisory Committee in time for review during its first session of 1958, at which time the Committee, with the further aid of financial statements and an audit report for 1957, might give further suggestions to the Secretary-General and make recommendations for final action on the 1958 UNEF budget as a first item of business at the thirteenth session of the General Assembly.

4. In accordance with these recommendations, as approved by the General Assembly, the Secretary-General on 1 January 1958 issued, for internal use, budget estimates for the period 1 January to 30 June 1958 in the total amount of \$8,875,000, exclusive of the extra and extraordinary costs relating to the pay and allowances of the troops and compensation in respect of contingent-owned equipment that may be worn out or destroyed. Copies of this document were made available to the Advisory Committee at that time.

5. The budget estimates for the full year, which were prepared and published subsequently (A/3823) are presented in two parts. Part A relates to running expenditures for the operation of the Force and is in a total amount of \$14,200,000. Part B related to reimbursement to Governments, in accordance with paragraphs 88 and 91 of the Secretary-General's report on UNEF to the General Assembly at its twelfth session (A/3694), of two categories of costs incurred

^{3/} Official Records of the General Assembly, Twelfth Session, Annexes, agenda item 65.

in providing military contingents. The first category relates to the reimbursement of pay and allowances over and above those costs which the Government concerned would in any event have been obliged to meet. A provision of \$6,000,000 has been included for this purpose. The second category of costs relates to the assumption by the United Nations of financial responsibility for the replacement of contingent-owned equipment that is destroyed or worn out or for such deterioration, beyond that provided for under normal depreciation schedules, as can be assessed at the conclusion of the total period of service of a Government's forces. Since adequate information is still lacking on the value of the total amount of equipment held and the extent of the claims that are likely to be presented, no estimate in respect of this category has been included at this stage. The Secretary-General proposes, however, that the amount of \$4,800,000, representing the balance of the \$25,000,000 already authorized, should be kept in reserve for this purpose.

6. The Advisory Committee also had before it an advance copy of the report of the Board of Auditors to the General Assembly on the audit of the Special Account of UNEF for the period ended 31 December 1957, as well as a separate memorandum from the Board in which attention was drawn to certain recommendations regarding routine matters of administration of the Force.

Extent of reductions achieved and improvement in administrative organization and controls

7. The Advisory Committee notes with appreciation that the total estimate of \$14,200,000 for Part A (i.e. the cost of operating the Force as distinct from the reimbursement to Governments of costs incurred in providing contingents) is well within the limit envisaged by the Committee when it recommended last year (A/3761) that the expenditures during the first six months of 1958 should, if possible, be held between \$9 and \$10 million. In particular, the Committee is glad to note that substantial economies have been effected in the estimates for certain items to which it had drawn special attention: motor transport and heavy mobile equipment (section 2, chapter I), maintenance and operation of motor transport and heavy mobile equipment (section 2, chapter II (i)), rental and maintenance of premises (section 3), operation supplies (section 2, chapter III (ii)), rations (section 4), communications services (section 2, chapter IV), operation of aircraft (section 2, chapter II (ii)), and insurance (section 2, chapter VI).

8. A number of factors and specific actions which have contributed to these and other reductions are outlined in paragraphs 4 to 6 of the Secretary-General's foreword to the estimates.

9. The Advisory Committee notes with interest the Secretary-General's observation in paragraph 5 of his foreword that full advantage is being taken of experience to achieve significant improvements in administrative procedures and control. In this regard, the Committee would like to express satisfaction at the visit of inspection to the mission area, which was undertaken during the early months of 1958 by the Director of the Office of General Services and the Deputy Controller. The Committee understands that in the course of their investigations, these officials paid particular attention to certain deficiencies noted by the Board of Auditors and that some of these conditions were corrected before their departure from the area. While there is admittedly room for further improvement, the Committee has been assured on behalf of the Secretary-General that continuous efforts are being made to adjust procedures with a view to removing deficiencies that may remain.

Size of Force

10. The Advisory Committee is informed that there is a frequent shift in numbers because of replacement activity, but that the average daily strength of officers and other ranks during 1958 is estimated at 5,400 men, as compared with the actual strength of approximately 6,000 on 1 September 1957 and of 5,407 on 15 May 1958. The Commander's basic requirement for adequate deployment, as stated in the Secretary-General's report to the Assembly at its twelfth session (A/3694), was that the Force should be maintained at a minimum level of seventy-one duty platoons, representing a total of between 5,500 and 5,600 men. The present strength is therefore below this basic requirement. This is mainly due to the fact that the deficiency caused by the withdrawal of the Indonesian and Finnish contingents has not been fully restored. However, the Committee understands that the Force, even at its present reduced strength, continues to meet the most urgent demands of the situation.

Allowances for military personnel

11. The Advisory Committee understands that the question of the adequacy of the daily allowance to members of the Force, which was set at the equivalent

in piastres of 86 US cents, has recently been reviewed and that no justification for an adjustment exists at the present time. It is noted in this regard that the revision in March 1958 of the rate governing the exchange of United States dollars into Egyptian currency resulted in an increase in the allowance in terms of piastres. This increase has, however, been offset by a corresponding increase in the prices charged in the canteens maintained by the Force. The Committee recommends that the question of the appropriate level of this allowance should be kept under continuous review.

Rotation of contingents

12. The periods of service of the contingents and the frequency of their rotation continue to vary according to the requirements of the Governments concerned. The Committee understands, however, that the Secretary-General has approached certain of these Governments with a view to securing less frequent rotation. The Committee hopes that these efforts will result in as much improvement as the particular legal and other practical circumstances of each Government may allow. The Committee has received confirmation that normal requirements under the Financial Regulations and rules are observed in determining the comparative cost of transportation by sea or air and in securing the lowest available rates on the basis of open competition.

Operational expenses

13. In considering section 2, operational expenses, as a whole, the Committee observes that this is an area in which the improvement in administrative and financial control procedures referred to in paragraphs 8 and 9 above will have an important bearing on the extent of the savings that can be achieved. The Committee would emphasize, in particular, that stocks of various types of supplies should be kept to an effective minimum level and that economies might be effected by the reduction of present surpluses, especially of perishable goods.

Operation of aircraft

14. The Advisory Committee understands that the standard rate per flying hour charged by the Government of Canada for the use of RCAF aircraft by UNEF,

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includes elements for fuel and oil, maintenance of the airframe, engines and propellers, and attrition calculated on the current experience as to mortality for each type of aircraft. The rate does not include any element for initial capital cost, depreciation, obsolescence and overhead, or for the pay and allowances of the air and ground crews. While the United Nations assumes financial responsibility for extra costs relating to pay and allowances of RCAF personnel, it is hoped that no claims would be presented in respect of aircraft which may be worn out or destroyed.

Rental and maintenance of premises

15. Inasmuch as the United Nations has no property rights in the mission area, the extensive alteration and rehabilitation of existing premises, which has been undertaken, represents a capital outlay for which the United Nations may not obtain any ultimate return. It is therefore important that further capital improvements should be kept within the limits of strict necessity, bearing in mind the temporary nature of the tenure of the premises.

Rations

16. The Advisory Committee notes that as a consequence of special studies and new arrangements instituted in agreement with the various national contingents, it has proved possible to achieve substantial economies under this heading in 1958, resulting in a reduction of daily ration costs from \$2 to \$1.25 per person.

Non-military personnel

17. The Advisory Committee notes that all categories of civilian staff serving in the mission area are controlled by formal manning tables. The thirty-one posts established in New York and in Geneva to absorb additional work caused by the UNEF operation, are treated as temporary assistance and are reviewed once a month in accordance with normal procedures.

18. In regard to travel to and from the mission area, the Committee recognizes the value of visits by senior officials of the Secretariat for purposes of inspection and control, but would underline the need to limit travel to such

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purposes and to have the visits prepared effectively. Further, some savings are expected to result under this item from the gradual extension of the period of assignment of detailed staff.

Compensation in respect of equipment, material and supplies
furnished by Governments to their contingents

19. As the basis for assessing the compensation payable to Governments as well as the stages at which claims should be settled are yet to be determined, no estimate has been included for compensation in respect of equipment, material and supplies furnished by Governments to their contingents. The Advisory Committee understands, however, that the best estimate of the value of the equipment, material and supplies held at the beginning of 1958 is in the neighbourhood of \$10 million. In these circumstances, the Committee concurs in the Secretary-General's proposal that the balance of the authorized expenditure of \$25 million, after allowing for operating expenses under Part A and the expenditures provided for in section 8, should be kept in reserve for this purpose, in addition to the \$1,224,164 which was placed in reserve for this purpose at the end of 1957.

Conclusion

20. The comments in the foregoing paragraphs relating to Part A of the estimates lead the Advisory Committee to the conclusion that further economies may prove possible in addition to the reductions which have already been effected. Further, the amount of \$500,000 which is provided under section 7 for contingencies, may prove to have been an undue precaution. In the light of these considerations and subject to any significant changes in experience calling for a later review, the Advisory Committee recommends that as regards the 1958 operating expenditures of the Force, which are covered by Part A of the estimates, the Secretary-General should make every effort to operate within a target total of \$13,200,000, as compared with the \$14,200,000 (including \$500,000 for contingencies) proposed by him. The Committee further recommends, as suggested by the Secretary-General in paragraph 9 of his foreword, that the amounts under Part B of the estimates should not be transferred to other sections of the budget without the prior concurrence of the Committee, although, within Part A, the Secretary-General should have authority to make such transfers between sections as he deems necessary for the effective use of available resources.
