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Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 2004 to 30 June 2005 and proposed budget for the period from 1 July 2006 to 30 June 2007 of the United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2004/05	\$40,902,100
Expenditure for 2004/05	\$40,819,900
Appropriation for 2005/06	\$41,521,400
Proposal submitted by the Secretary-General for 2006/07	\$39,975,900
Recommendation of the Advisory Committee for 2006/07	\$39,975,900

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions is recommending acceptance of the Secretary-General's proposal for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2006 to 30 June 2007. In the present report, the Advisory Committee also makes observations and recommendations regarding the administration and management of the Force and opportunities for further savings.

2. The Advisory Committee's general report on the administrative and budgetary aspects of United Nations peacekeeping operations will contain its views and recommendations on a number of cross-cutting issues. In the paragraphs below, the Committee deals with resources and other items that relate specifically to UNDOF.

3. The documents used by the Advisory Committee in its consideration of the financing of UNDOF are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2004 to 30 June 2005

4. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 58/306, appropriated to the Special Account for UNDOF the amount of \$40,902,100 gross (\$39,726,700 net) for the period from 1 July 2004 to 30 June 2005. The total amount has been assessed on Member States. Expenditures for the period totalled \$40,819,900 gross (\$39,746,000 net), which is \$82,200, or 0.2 per cent, lower than the apportionment of \$40,902,100 (see A/60/628, summary).

5. The unutilized balance of \$82,200 resulted from a combination of savings and additional requirements under various line items. Savings were due mainly to lower expenditures than planned on rations contracts following competitive bidding, a higher than budgeted vacancy rate for international and national staff, the postponement of planned travel of Headquarters personnel and the acquisition at no cost of 35 light vehicles from the United Nations Operation in Burundi. The overexpenditures resulted primarily from additional requirements for general temporary assistance relating to the modernization programme, the acquisition of security and safety as well as firefighting equipment, the higher consumption of electricity and water during the modernization programme, unforeseen projects relating to construction services and spare parts for armoured personnel carriers.

6. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found in the discussion of the proposed budget for the period from 1 July 2006 to 30 June 2007 in the paragraphs below.

7. The Secretary-General, in his report on liabilities and proposed funding for after-service health insurance benefits (A/60/450 and Corr.1), proposed a number of measures that needed to be taken to fund and account for the accrued liabilities for after-service health insurance benefits; the measures provided, inter alia, for the transfer of \$250 million from unencumbered balances and savings on, or cancellation of prior-period obligations of, active peacekeeping missions as at the end of the 2005 fiscal year. **Depending on what the General Assembly may decide, there may be a consequential impact on the financing of UNDOF and other peacekeeping operations.**

III. Information on performance for the current period

8. The Advisory Committee was informed that as at 28 February 2006, a total of \$1,452,401,900 had been assessed on Member States in respect of UNDOF since its inception. Payments received as at the same date amounted to \$1,436,355,500, leaving an outstanding balance of \$16,046,400. As at 16 March 2006, the cash position of the mission was \$23,100,000; as at 28 February 2006, unliquidated obligations for the period from 1 July 2004 to 30 June 2005 amounted to \$2,882,000.

9. The Advisory Committee was informed that troop-cost reimbursement up to 31 October 2005 totalled \$210,767,574, while the amount owed for the period from 1 November 2005 to 28 February 2006 was \$4,782,358. With regard to contingent-owned equipment, the Committee was informed that, as at 28 February 2006, \$1,027,132 had been reimbursed and the estimated amount owed was \$2,526,000, while unliquidated obligations for the period up to 30 June 2006 totalled \$4,043,300. In respect of death and disability compensation, \$5,246,000 had been paid as at 28 February 2006 for 149 claims, 2 claims were pending, and unliquidated obligations amounted to \$1,598,000.

10. The incumbency for UNDOF as at 28 February 2006 is as follows:

	<i>Posts authorized</i>	<i>Posts encumbered</i>	<i>Vacancy/delayed deployment rate (percentage)</i>
Military contingents	1 047	1 079	+3.0
International staff	42	37	12.0
National staff	107	103	3.8

11. The Advisory Committee was provided with expenditure data for the period from 1 July 2005 to 30 June 2006 as at 28 February 2006 (see annex). Expenditure for the period amounted to \$31,311,700 gross (\$30,710,800 net) against an apportionment of \$41,521,400 gross (\$40,379,000 net).

IV. Proposed budget for the period from 1 July 2006 to 30 June 2007

A. Mandate and planned results

12. The Advisory Committee commented in its previous report on the extensive three-year force modernization programme of UNDOF and noted that efficiency savings had not yet been identified (A/59/736/Add.4, paras. 10-11). The Secretariat informed the Committee that, as a result of the reduction of stationary military positions and within the context of the mission's new concept of operations, mobile patrolling activities were being increased and the number of standing patrols decreased. In his latest report on UNDOF, the Secretary-General noted that all major components of the modernization programme were in the closing stages (S/2005/767, para. 7). **The mission provided details regarding the status of the modernization programme; the Advisory Committee notes with satisfaction the progress made to date and trusts that the efficiency gains made as a result of the modernization programme will be quantified in a consolidated manner in the 2007/08 budget proposal.**

B. Resource requirements

1. Military and civilian police personnel

<i>Category</i>	<i>Approved 2005/06</i>	<i>Proposed 2006/07</i>
Military contingents	1 047	1 047

13. The Advisory Committee notes that the troop strength of UNDOF remains at 1,047, following an increase by 10, from 1,037 to 1,047, during the 2005/06 budget period.

2. Civilian personnel

<i>Category</i>	<i>Approved 2005/06</i>	<i>Proposed 2006/07</i>
International staff	42	43
National staff	107	107

Recommendation on posts

14. *Establishment of one P-4 Legal Officer post, Office of the Force Commander (A/60/641/Corr.2, para. 8).* Upon enquiry, the Secretariat informed the Committee that the functions of the legal officer would include dealing with legal matters with both host Governments, which is of key importance given the lack of a status-of-forces agreement with either of them. As noted in the budget document (A/60/641/Corr.2, para. 8), the post of legal officer is proposed to provide legal support to the mission in the drafting and finalization of the status-of-forces agreement, the return of parcels of land to the host Government, the management of privileges and immunities in the host country and the handling of issues such as crossings over the ceasefire lines. The legal officer will also play a prominent role in the Local Committee on Contracts and the Property Survey Board. The functions of the legal officer will include frequent interaction with the Office of the Under-Secretary-General for Peacekeeping Operations, with the Office of Mission Support for administrative matters and with the Office of Legal Affairs on the institutional aspects of the status-of-forces agreement. Currently, the mission does not have any approved capacity to meet the requirements for legal expertise. The legal officer will provide expert opinions on legal issues to the Force Commander.

15. The Secretariat explained that some legal matters were being handled by the Force Commander and the Chief Administrative Officer, with the assistance of the Legal Adviser of the United Nations Truce Supervision Organization. Also, at times in the past, legal advisers from some of the military battalions have provided legal services, but they did not have background or experience in United Nations legal matters; currently, there was no legal adviser with the battalions. For major issues, the support of the Office of Legal Affairs at Headquarters had been forthcoming but was not as immediate as often necessary and therefore could not provide advice at short notice on all potential options in which a negotiation process might develop.

16. **On the basis of the additional information provided to it, the Advisory Committee recommends approval of the establishment of this new post, with the understanding that it should be reviewed on the basis of progress made in resolving outstanding legal issues.**

Other observations and recommendations

17. The Advisory Committee noted in its previous report that UNDOF had 27 Field Service posts and 6 international General Service staff. This number remains unchanged for the 2006/07 budget period. Upon enquiry, the Secretariat informed the Committee that, as part of its 2006/07 budget preparation, UNDOF had conducted a staffing review in accordance with the Committee's recommendation (A/59/736/Add.4, para. 23). As a result of the review, the mission concluded that it was not possible to convert any international posts to national posts for the following reasons: (a) staff were maximally employed and efficiency savings had been gained through multiple tasking and/or several job functions being carried out by one individual; and (b) travel restrictions made it difficult to reduce posts owing to the requirement that most posts operate on both sides of the ceasefire line. **Notwithstanding those conclusions, the Advisory Committee recommends that UNDOF continue to keep under review the possibility of conversion of posts to national staff.**

3. Operational costs

<i>Apportioned 2005/06</i>	<i>Proposed 2006/07</i>
\$13 006 700	\$11 426 900

18. The estimated operational requirements for the period from 1 July 2006 to 30 June 2007 result from decreases and increases under various budget line items, leading to an overall decreased budgetary requirement of \$1,579,800, or 12.1 per cent, as compared to the previous budget period. Significantly lower expenditures were expected under: (a) contingent-owned equipment related to the acquisition of SISU armoured personnel carriers under dry lease instead of wet lease; (b) facilities and infrastructure, including alteration and renovation, and construction services resulting from the completion of the modernization programme; (c) communications resulting from the completion of the modernization programme; and (d) operational maps resulting from the completion of the mapping project in 2005/06. Higher expenditures were expected under: (a) travel for military contingents resulting from increases in the price of aviation fuel; (b) international staff salaries for a proposed new P-4 Legal Officer post; (c) common staff costs related to the inclusion of a 4 per cent provision for after-service health insurance; (d) ground transportation for the planned acquisition of 51 vehicles; and (e) spare parts for the six SISU armoured personnel carriers to be acquired under dry lease.

Military contingents

Contingent-owned equipment

19. As at 28 February 2006, expenditures under military contingents amounted to \$18,912,200 of the total apportionment of \$20,137,700 for the 2005/06 budget period. The Advisory Committee was informed by the Secretariat that the drawdown of one contingent, which has provided logistical support to UNDOF for the past 31 years, had started in February 2006 and was completed at the end of March 2006. That contingent has been replaced by a new incoming contingent. **The Committee notes that, due to this replacement and a short period of overlap, higher expenditures had been expected under this heading for the 2005/06 budget period.**

20. An amount of \$503,200 is estimated for major equipment under contingent-owned equipment; this reflects a decrease of \$690,800 (57.9 per cent) from 2005/06. The reduced requirements relate to the acquisition of SISU armoured personnel carriers under dry lease instead of wet lease. Also, the major overhaul of four United Nations-owned M-113 armoured personnel carriers has obviated the need to acquire the same vehicles under contingent-owned equipment. Further, an amount of \$597,400 is estimated for repairs and maintenance for ground transportation during the 2006/07 budget period. This amount reflects a decrease by \$88,200, or 12.9 per cent, primarily due to the overhaul of the SISU and M-113 armoured personnel carriers. An amount of \$820,500 is estimated for spare parts, which is an increase by \$438,700, or 114.9 per cent, from the 2005/06 budget period. From the supplementary information provided to it, the Advisory Committee notes that additional requirements estimated for spare parts for six SISU armoured personnel carriers were budgeted under a contingent-owned equipment wet lease during the 2005/06 period. As those armoured personnel carriers are now planned to be acquired during 2006/07 under dry lease, their maintenance will be the mission's responsibility.

21. Upon enquiry, the Secretariat provided the Advisory Committee with further explanatory background information on its fleet of armoured personnel carriers:

	<i>Information received for 2005/06^a</i>		<i>Information received for 2006/07^b</i>		
	<i>Type SISU</i>	<i>Type Nyala</i>	<i>Type SISU</i>	<i>Type Nyala</i>	<i>Type M-113</i>
United Nations-owned equipment armoured personnel carrier inventory	14 (incl. 6 from the United Nations Interim Force in Lebanon)	28	14	28	4
To be obtained, as contingent-owned equipment	6 (wet lease)		6 (dry lease)		
To be phased out	—	(28)		(28)	
Anticipated future total	20	0	20	0	4
Actual total		42			46

^a A/59/736/Add.4, para. 28.

^b From additional information received from UNDOF.

22. Upon enquiry, the Advisory Committee was informed by the Secretariat that the mission intended to phase out all Nyala armoured personnel carriers once all 20 SISUs were operational. The Committee addressed this matter in its previous report on UNDOF (A/59/736/Add.4, para. 29) and has now received, after enquiry, a comparative study, dated 1 April 2004, addressing the operational and maintenance factors which indicate that SISU vehicles are preferred over Nyala vehicles. They are: (a) SISUs have better overall stability; (b) SISUs can operate in virtually all weather conditions, including mud and snow; (c) one SISU can carry eight fully equipped troops, while a Nyala has the capacity for six troops; (d) SISUs are more likely to stay upright in a mine blast and, should one wheel be lost as a result, the SISU can still move under its own power, while a Nyala vehicle would be incapacitated; and (e) the SISU is the only armoured vehicle with factory-level service available in the Middle East.

23. With regard to the additional four M-113 armoured personnel carriers, the mission stated that it had initially planned to acquire, within the 2005/06 budget, four armoured personnel carriers under a contingent-owned equipment arrangement (A/59/653, para. 10). However, during 2004/05, UNDOF undertook major maintenance of four United Nations-owned M-113 armoured personnel carriers, which subsequently obviated the need to obtain them under contingent-owned equipment. The M-113s were to be replaced by similar armoured personnel carriers that would have been part of the equipment of the Ukrainian contingent. The contingent has been replaced, however, and the mission was able to meet the immediate requirements from United Nations-owned equipment. UNDOF also informed the Committee that the M-113s had not previously been written off but had required major maintenance due to their age. The M-113 armoured personnel carriers were manufactured in 1965 and were shipped to UNDOF in 1996 from the United Nations Assistance Mission for Rwanda.

Civilian personnel

24. Under international staff salaries, an unspent balance of \$783,100 resulted from a 14 per cent vacancy rate, as compared to a zero per cent budgeted vacancy rate for the period ended 30 June 2005. The Advisory Committee notes that, as at 28 February 2006, staff incumbency was at 37 as compared with the authorized staffing level of 42. UNDOF informed the Committee that, as at March 2006, the vacant posts were in the process of being filled and were in various stages of recruitment.

25. The Advisory Committee asked whether the number of UNDOF staff on temporary duty assignment had an impact on the mission's vacancy rate. UNDOF indicated that this was not the case, as resulting vacancies were generally filled expeditiously until the return of staff on temporary duty assignment. A total of 19 Field Service (FS) and national General Service (GL) staff of UNDOF were currently on temporary duty assignment in the following missions: the United Nations Mission in Sierra Leone (UNAMSIL), the United Nations Assistance Mission for Iraq (UNAMI), the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the United Nations Mission in Ethiopia and Eritrea (UNMEE), the United Nations Mission in Liberia (UNMIL), the United Nations Mission in the Sudan (UNMIS), the United Nations Observation Mission in Georgia (UNOMIG), the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Tajikistan Office of Peacebuilding (UNTOP), the United Nations Operation in

Côte d'Ivoire (ONUCI) and the United Nations Assistance Mission in Afghanistan (UNAMA). The mission provided detailed information, as set forth below. The Committee will revert to this issue in its general report on peacekeeping operations.

<i>Duration of assignment</i>	<i>Number of staff on TDY^a</i>	<i>Category and grade</i>	<i>Current TDY mission</i>
Over 16 years	1	FS-6	UNAMSIL
Over 8 years	1	FS-7	UNAMI
Over 7 years	1	FS-6	MONUC
Over 6 years	5	4 FS-5; 1 FS-4	MONUC; UNMEE; UNMIL; UNMIS
Over 5 years	2	2 FS-6	UNAMI; UNOMIG
Over 4 years	2	1 FS-5; 1 FS-4	MINUSTAH; UNMIS
Over 2 years	2	1 FS-6; 1 FS-5	MINUSTAH; UNTOP
Over 1 year	3	1 FS-6; 1 FS-5; 1 GL-5	MONUC; ONUCI; UNOMIG
Less than 1 year	2	2 GL-4	UNAMA; UNMIL
Total	19		

^a Temporary duty assignment.

26. During the 2004/05 budget period, expenditures under general temporary assistance (salaries and staff assessment) were \$30,400 (15.7 per cent) above the apportionment of \$193,900. UNDOF informed the Advisory Committee that the additional requirements were related to the modernization programme and the execution of unforeseen projects, such as electronic archiving and active directory services. The Committee notes that, for the 2006/07 budget period, an amount of \$40,000 is estimated for salaries under general temporary assistance.

Travel

27. Expenditures for non-training travel for the 2006/07 budget period are expected to be \$87,200, which is \$53,500 (38 per cent) below the level of the previous budget period. The reduced requirements are the result of the inclusion of Headquarters staff travel expenditures under the support account for peacekeeping operations.

Communications

28. For the 2006/07 budget period, expenditures for the acquisition of communications equipment were estimated at \$690,100, which is \$263,100 (27.6 per cent) lower than during the previous period. The reduced requirements are due mainly to the planned completion of the modernization programme during the 2005/06 budget period.

Other matters

29. The Advisory Committee was informed that UNDOF had not established a local vendor review committee. Upon enquiry, the Committee was informed by the mission that the staff of its procurement service comprised four Field Service personnel and 12 national staff. All procurement staff were involved in the various elements of vendor-related activities (including registration, rostering and performance monitoring) and bid-related activities (advertising and bid opening). Membership in the local vendor review committee would require them to review their own work, which would be a conflict of interest. UNDOF also noted that the Board of Auditors had recommended in its management letter for the financial year ended 30 June 2005 that, with regard to the local vendor review committee, UNDOF, in consultation with the Department of Peacekeeping Operations and the Procurement Service, find appropriate solutions to ensure compliance in this respect. Subsequently, the Procurement Service at Headquarters accepted the suggestion that the functions of the local vendor review committee be borne by the Chief Procurement Officer and that UNDOF should authorize her/him to review the registration and performance of vendors. With regard to committee membership, UNDOF referred to section 7.8 of the procurement manual, wherein it is stated that "requisitioners or substantive offices shall not recommend vendors" and concluded that, therefore, staff of such offices could not be part of a local vendor review committee.

30. **The Advisory Committee notes that the reason for not establishing a formal local vendor review committee was an apparent conflict of interest, in that procurement staff would be reviewing complaints resulting from their own decisions. The Committee points out that by designating the Chief Procurement Officer as the sole member of the local vendor review committee, the conflict of interest still exists. Furthermore, designating one person as the sole member of a committee implies that there is no control mechanism in place to ensure the fair and objective treatment of vendor matters. The Committee believes that a control mechanism should be put in place, perhaps by including the proposed Legal Officer in the vendor review process (see paras. 14-16 above).**

V. Conclusions of the Advisory Committee

31. The action to be taken by the General Assembly in connection with the financing of UNDOF for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 22 of the performance report (A/60/628 and Corr.1). **The Advisory Committee recommends that the unencumbered balance of \$82,200, as well as other income and adjustments in the amount of \$1,901,000, be credited to Member States in a manner to be determined by the General Assembly.**

32. The action to be taken by the General Assembly in connection with the financing of UNDOF for the period 1 July 2006 to 30 June 2007 is indicated in paragraph 27 of the proposed budget (A/60/641 and Corr.2). **The Advisory Committee recommends that the General Assembly accept the proposal of the Secretary-General.**

Documentation

- Performance report on the budget of the United Nations Disengagement Observer Force for the period from 1 July 2004 to 30 June 2005 (A/60/628 and Corr.1)
- Proposed budget for the United Nations Disengagement Observer Force for the period from 1 July 2006 to 30 June 2007 (A/60/641 and Corr.2)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2003 to 30 June 2004 and proposed budget for the period from 1 July 2005 to 30 June 2006 of the United Nations Disengagement Observer Force (A/59/736/Add.4)
- General Assembly resolution 59/306
- Reports of the Secretary-General on the United Nations Disengagement Observer Force (S/2004/499 and S/2004/948)
- Security Council resolution 1648 (2005)

Annex

Actual expenditures for the period from 1 July 2005 to 30 June 2006 for UNDOF

(Thousands of United States dollars)

<i>Category</i>	<i>Apportionment</i>	<i>Expenditures as at 28 February 2006</i>
Military and police personnel		
Military observers	—	—
Military contingents	20 137.7	18 919.2
Civilian police	—	—
Formed police units	—	—
Subtotal	20 137.7	18 919.2
Civilian personnel		
International staff	6 169.1	3 787.0
National staff	2 207.9	1 334.0
United Nations Volunteers	—	—
Subtotal	8 377.0	5 121.0
Operational costs		
General temporary assistance	40.0	189.2
Government-provided personnel	—	—
Civilian electoral observers	—	—
Consultants	—	50.9
Official travel	229.6	181.7
Facilities and infrastructure	5 684.2	3 434.1
Ground transportation	3 380.5	1 552.2
Air transportation	—	—
Naval transportation	—	—
Communications	1 593.6	650.4
Information technology	781.1	510.8
Medical	346.8	189.1
Special equipment	203.6	79.9
Other supplies, services and equipment	747.3	433.2
Quick-impact projects	—	—
Subtotal	13 006.7	7 271.5
Gross requirements	41 521.4	31 311.7
Staff assessment income	1 142.4	600.9
Net requirements	40 379.0	30 710.8
Voluntary contributions in kind (budgeted)	—	—
Total requirements	41 521.4	31 311.7