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Administrative and budgetary aspects of the financing of the United Nations
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forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 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 performance report for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2001 to 30 June 2002 ([A/57/668](#)), and the proposed budget for UNDOF for the 12-month period from 1 July 2003 to 30 June 2004 (A/57/688). During its consideration of those reports, the Committee met with representatives of the Secretary-General and with the Chief Administrative Officer of the mission, who provided additional information.
2. The United Nations Disengagement Observer Force (UNDOF) was established by the Security Council in its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the agreement on disengagement between Israeli and Syrian forces for an initial period of six months. Its mandate has since then been extended and adjusted by the Council in subsequent resolutions, the latest being resolution 1451 (2002) of 17 December 2002, in which it extended the mandate of the Observer Force until 30 June 2003.

I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. The report of the Secretary-General on the financial performance of UNDOF for the period from 1 July 2001 to 30 June 2002 (A/57/668) outlines the action to be taken by the General Assembly at its fifty-seventh session in connection with the financing of UNDOF.
4. As indicated in the report (ibid., sect. I, para. 4), the performance data for the period 2001/02 is presented in a transitional format. The approved budget for the period in question did not include standard frameworks for planned results, which would have constituted the baseline against which performance would have been measured and reported. As indicated in the Advisory Committee's general report (A/57/772), this format will change in the context of the next performance report.
5. The report (A/57/668, summary and sect. II.A) indicates that total resources made available to UNDOF for the period from 1 July 2001 to 30 June 2002 amounted to \$34,536,300 gross (\$33,778,900 net). Expenditures amounted to \$34,422,900 gross (\$33,464,700 net), leaving an unencumbered balance of \$113,400 gross (\$314,200 net), or approximately 0.3 per cent of the amount appropriated for the Observer Force. The budget implementation rate for the period was 99.7 per cent. Most of the savings were due to underexpenditures under operational requirements (\$588,300) and military and police personnel (\$8,000), partly offset by overexpenditures under civilian personnel (\$482,900).
6. The Advisory Committee notes from the summary of the report (A/57/668) that, of the staffing component approved for the reporting period (1,037 military contingents, 38 international staff and 89 local staff), actual average incumbency was as follows: 1,037 military contingents, 36 international staff and 86 national staff.
7. With regard to individual objects of expenditure, the comments of the Advisory Committee on the report (A/57/668) can be found, where relevant, in the remarks concerning the proposed budget in the paragraphs below.

II. Information on performance for the current period (1 July 2002 to 30 June 2003)

8. The Advisory Committee recalls that the General Assembly, in its resolution 56/294 of 27 June 2002, appropriated an amount of \$38,991,800 gross (\$38,072,000 net) for the maintenance of the Force for the period from 1 July 2002 to 30 June 2003. The Committee was informed that, as at 28 February 2003, expenditures totalled \$32,547,800 (see annex to the present report).
9. The Advisory Committee was further informed that for the current period (2002/03), of the authorized number of 1,037 military contingents, 41 international staff, and 89 national staff posts, incumbency, as at 28 February 2003, was as follows: 1,038 military contingents, 38 international and 87 national staff.
10. The Advisory Committee was informed that, as at 31 January 2003, amounts totalling \$42.1 million had been assessed on Member States for the period from 1 July 2002 until 30 June 2003. Payments received, as at that same date, totalled \$3.9 million, leaving a shortfall of \$38.2 million. The Committee was further informed that cash balances, as at 24 February 2003, amounted to \$24.1 million. Troop-contributing countries have received payment of \$175.8 million, covering the period from 1 December 1989 to 31 December 2002. At the time of the Committee hearings on the financing of the Observer Force (end February 2003), an estimated \$5.9 million was still due for the period from 1 October 2002 to 28 February 2003, and was expected to be paid in March 2003.
11. As at 28 February 2003, reimbursement for contingent-owned equipment for the period from 1 June 1994 to 28 February 2003 amounted to \$981,600, with an estimated amount owed of \$1,460,000 (\$54,800 certified and \$1,405,200 outstanding claims) and with unliquidated obligations estimated at \$901,400. With regard to death and disability compensation, the amount paid for the period 1 June 1994 to 28 February 2003 was \$5,223,500, with 139 claims processed. Related unliquidated obligations amounted to \$976,900, and two claims were pending at the time.

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

12. The cost estimates for the period from 1 July 2003 to 30 June 2004, submitted by the Secretary-General in his report (A/57/688), amount to \$40,212,900 gross (\$39,192,400 net). The proposed requirements represent a 3.1 per cent increase (\$1,221,100) in relation to the appropriation of \$38,072,000 for the period from 1 July 2002 to 30 June 2003. The increase in proposed resources is due to additional requirements proposed under civilian personnel costs (\$344,500) and under operational costs (\$885,900), which are explained below.

13. The Advisory Committee also recalls that 78 military observers of the United Nations Truce Supervision Organization (UNTSO) assist the Force in carrying out its tasks. The updated estimate of direct support provided by UNTSO to UNDOF for the period from 1 January 2002 to 31 December 2003 amounts to \$9,461,400.

14. The Advisory Committee notes that for UNDOF, as for the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Iraq-Kuwait Observation Mission (UNIKOM), there is no political component in either the performance report or the proposed budget. The Committee sought clarification in that regard. The comments of the Committee are contained in its general report on peacekeeping operations (A/57/772).

Military and police personnel

15. Proposed expenditures under military and police personnel of \$16,780,700 for the period from 1 July 2003 to 30 June 2004 relate to the approved component of 1,037 military contingents, reflecting a decrease of \$9,300 or 0.1 per cent as compared with the 2002/03 apportionment of \$16,790,000. As indicated in paragraph 5 above, savings of \$8,000 were achieved under military and police personnel during the period 2001/02 (see A/57/668, summary), as a result of lower rates obtained for the hiring of aircraft used for the rotation of military personnel.

16. The provision of \$767,200 for contingent-owned equipment for the period 2003/04 includes \$314,300 for major equipment and \$452,900 for self-sustainment (see A/57/688, section II.B).

Civilian personnel

17. The proposed requirements under civilian personnel costs for the period from 1 July 2003 to 30 June 2004, which amount to \$6,973,800, reflect an increase of \$344,500 (5.2 per cent) in relation to the apportionment of \$6,629,300 for 2002/03. The increase is due mostly to resources added under international staff.

18. The Advisory Committee notes that during the period 2001/02 expenditures amounted to \$6,348,700, reflecting an overexpenditure of \$482,900 (see A/57/668, summary). The overexpenditure was due to increases in staff assessment and common staff costs, as well as to non-budgeted requirements for increase in local staff salaries effective 1 July 2001.

19. The proposed staffing component of the Observer Force for 2003/04 provides for a total of 133 posts (41 international and 92 national staff), as compared with a total of 130 posts approved for the period 2002/03 (41 international and 89 national staff). The changes include a proposal to establish one additional P-5 post for Chief of Staff in the Office of the Force Commander, offset by the abolition of one Field Service post in the same Office (see A/57/688, sect. III, para. 5 (a)); the reclassification of the post of the Chief Administrative Officer from the P-5 to the D-1 level (*ibid.*, para. 5 (b)); and three additional national staff level posts (*ibid.*, paras. 7 (a) and (b)).

20. A 5 per cent and 3 per cent vacancy rate factor has been applied to international staffing requirements (same as the current period) and national staffing requirements (currently zero per cent) respectively. The increase in local staff salaries effective 1 July 2002 and an estimated \$35,000 in overtime payments to local staff who drive shuttle buses round trip daily from Damascus to Camp Faouar has also been taken into account. The Advisory Committee was informed that eleven shuttle buses pick up and return local staff at various locations in Damascus. **The Committee believes that to minimize expenses, if feasible, other alternatives should be considered, such as requesting staff to assemble at convenient centralized locations for pickup and dropoff.**

21. The description of the functions of the Chief of Staff post at the P-5 level is contained in paragraph 5 (a) of the report (A/57/688). **The Advisory Committee recommends against approval of the post for the reasons given in its general report on peacekeeping operations.**

22. The Advisory Committee was not convinced of the need to upgrade the post of the Chief Administrative Officer to the D-1 level (see A/57/688, sect. III, para. 5 (b)) or of the justification regarding the three additional local posts (*ibid.*, sect. III, paras. 7 (a) and (b)), two in the Communications Section for an information technology technician and a rigger, and one in the General Services Section for a Receiving and Inspection/Field Expendable Supply System Clerk. **The Committee therefore recommends against the upgrading of the post of the Chief Administrative Officer and the establishment of the three additional local posts.**

Operational requirements

23. According to the proposed budget (A/57/688, summary and sect. II.A), estimated requirements for operational costs for 2003/04 increase to \$16,458,400 by \$885,900 (a 5.7 per cent increase), as compared with the budgeted amount of \$15,572,500 for the current period. The proposed requirements include \$2,079,000 for non-recurrent costs related to alterations, renovations and construction, part of the modernization plan for the Observer Force. In that connection, the Advisory Committee notes the decrease of \$344,000 under facilities and infrastructure as compared with the amount of \$5,931,100 budgeted under that item for 2002/03, as well as the overexpenditure of \$690,700 during the 2001/02 reporting period under that budget item.

24. The Advisory Committee recalls that, in its previous report (A/56/887/Add.8, para. 13), it considered the modernization plan initiated by UNDOF. The components of the modernization plan include (a) a fresh approach to operations through the consolidation of some positions in the area of separation and enhancement of the mobility of the Force; (b) the replacement of outdated facilities through a three-year master plan for infrastructure improvement; and (c) the full integration of the military and civilian administration and the logistical components of the Force, including the integration of the Observer Group Golan of the United Nations Truce Supervision Organization with UNDOF operations.

25. The total cost of the plan, which spans the years 2001 to 2004, was estimated at \$13,806,160 (A/56/887/Add.8, para. 21). The Advisory Committee was provided with updated information allocating the resources as follows:

Savings utilized from 2000/01	877 000
Savings utilized from 2001/02	1 743 000
Provision 2002/03 (first year)	4 186 300
Provision 2003/04 (second year)	3 484 600
Provision 2004/05 (third year)	3 515 300
Total	13 806 200

26. The amount of \$3,484,600 for the budget period from 1 July 2003 to 30 June 2004 includes \$2,778,500 for construction, maintenance services and maintenance supplies (construction); \$240,300 for electronic data-processing equipment; \$220,000 for acquisition of military pattern radios to be installed in armoured personnel carriers; \$163,800 for a Chief Civilian Engineer post (see para. 28 below); and \$82,000 for contract services of an IECS-IRCON engineer.

27. The Advisory Committee had also requested that information on the progress of implementation of the modernization plan and the benefits to be achieved, including efficiency gains, be included in the report on the budget estimates for the period 2003/04. In that regard, the Committee notes the information provided in the report of the Secretary-General (A/57/688, sect. V).

28. The Advisory Committee was informed that in addition to the post for a Chief Civilian Engineer, authorized for the budget period 2002/03 in conjunction with the master plan for infrastructure improvement (currently encumbered), two technical advisors, provided by Member States, are also providing support in the implementation of the modernization plan.

29. The Advisory Committee was informed that expenditures for security amounted to \$67,000 during the period 2001/02. For the period 2003/04, security expenditures amount to \$590,000.

30. The Advisory Committee notes that expenditures on communications and information technology for the period 2001/02 totalled \$1,202,000 (\$719,000 for communications and \$483,000 for information technology (A/57/668, sect. II.A)). The proposed budget for 2002/03 included \$1,772,800 for communications and \$714,500 for information technology for a total of \$2,487,300. For the period 2003/04 proposed expenditures total \$3,455,200 (\$1,873,800 for communications and

\$1,581,400 for information technology).

31. The Advisory Committee notes that the additional expenditure is related to the modernization plan. Upon enquiry, the Committee was further informed that the electronic data-processing equipment to be purchased is related to the network expansion plan, which is extending facilities to military positions. **However, in view of the sharp increase the Committee cautions against the tendency to have recourse to the most recent, state-of-the-art information technology and communications devices. As an example, the Committee was informed, upon enquiry, that \$215,000 would be spent on a peacekeeping decision-making support system.**

32. The Advisory Committee requested justification for the purchase of additional electronic data-processing equipment, including 18 desktop and 6 laptop computers, 6 printers and 7 servers despite the high level of current holdings and purchases made in the last three years. The response supplied did not convince the Committee of the necessity of the purchases, underlining the Committee's concern relative to the finding of the Board of Auditors that UNDOF has procured items that the Mission did not use (see A/57/5, vol. II, para. 33 [a]). **The Committee requests, in future, that replacements or additional purchases be clearly justified and the reasons explained in writing before the hearings of the Committee, in order to avoid delays in the budget review.**

33. The report of the Secretary-General on the financial performance of UNDOF for the period 2001/02 (A/57/668, sect. III, para. 10) indicates additional expenses of \$83,700 under information technology, due, in part, to the establishment of the UNDOF training cell. The Advisory Committee was informed, upon enquiry, that following the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809), the Secretary-General indicated the intention to conduct regular training for mission personnel at all levels and in all components, and that provision would be made in the budgets for peacekeeping operations for such training (A/55/502, para. 74). UNDOF was informed of the implementation of the mission training cell concept on 5 April 2002 and was instructed to make resources available from within the approved budget. The Committee has made extensive comments in its general report on peacekeeping operations on the issue of training (see A/57/772).

34. The Advisory Committee notes that the estimated requirements under spare parts (ground transportation) for the period 2003/04 increase by 290 per cent (from \$200,000 to \$780,000), as compared with the current period, in view of the purchase of spare parts for 28 armoured personnel vehicles being transferred from UNIFIL. Moreover, an amount of \$220,000 is also budgeted for the purchase of 28 military pattern radios for those vehicles. The Committee sought additional information in this regard, since the Organization does not normally own military equipment. The Committee was informed that the 28 armoured personnel vehicles transferred are owned by the United Nations as a result of the old rules on reimbursement for contingent-owned equipment (prior to 1995). Under those rules, after 4 years (equalling 100 per cent payment), the equipment became United Nations property unless the troop contributors wanted to take it back to their countries, paying the United Nations the residual value of the equipment. However, without the attached weapons, which have been destroyed, the armoured personnel vehicles are merely vehicles. The vehicles are included in the United Nations inventory.

35. Resources for official travel are proposed at \$295,300, an increase of \$198,300 (204 per cent) over the amount of \$97,000 approved for the current period 2002/03. The expenditure for the reporting period 2001/02 amounted to \$103,900, an overexpenditure of \$36,900 (55.1 per cent), which resulted from the unexpected travel undertaken by three technicians from other missions to perform rigging assessment in connection with the communications towers (A/57/668, sect. III, para. 7).

36. According to the report of the Secretary-General (A/57/688, sect. III, para. 8), the proposed increase in travel resources for 2003/04 is in line with the expanded capacity and focus of the Department of Peacekeeping Operations on providing guidance and support on administrative, financial, logistical and technical matters, including communication and IT initiatives. The Advisory Committee has expressed concern at this trend to increase official travel. The comments and observations of the Committee regarding travel are in its general report (A/57/772). **The Committee further believes that travel expenses should be closely monitored; for some of the functions envisaged that require travel, such alternative methods as the use of a video-conferencing facility, where possible, or other technological means should be explored.**

37. According to the report of the Secretary-General (A/57/668, sect. IV, para. 13), the actions to be taken by the General Assembly at its fifty-seventh session in connection with the financing of the United Nations Disengagement Observer Force are to decide on the treatment of the unencumbered balance of \$113,400 for the period from 1 July 2001 to 30 June 2002, and on the treatment of other income for that period, which totals \$2,375,000. **The Advisory Committee recommends that Member States be credited their respective shares of the unencumbered balance and other income for the period in question in a manner to be determined by the General Assembly.**

38. The proposed budget for the period 1 July 2003 to 30 June 2004 outlines the actions to be taken by the General Assembly at its fifty-seventh session in connection with the financing of UNDOF (see A/57/688, sect. IV, para. 15). **In view of what is stated in paragraphs 21 and 22 above, the Advisory Committee recommends that the budget requirements of UNDOF for the period from 1 July 2003 to 30 June 2004 be reduced by \$311,200 gross (\$256,700 net). The Committee further recommends that the amount of \$39,901,700 gross (\$38,935,700 net) be appropriated for the maintenance of UNDOF for the 12-month period from 1 July 2003 to 30 June 2004. Should the Security Council extend the mandate of the Force beyond 30 June 2003, the monthly assessment rate would amount to \$3,325,400 (gross), \$3,244,640 (net).**

Annex

Status of expenditure of the United Nations Disengagement Observer Force for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	Apportionment (1)	Expenditure (2)	Unencumbered balance (3)=(1)-(2)
I. Military and police personnel			
Military observers	-	-	-
Military contingents	16 790.0	16 670.9	119.1
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	16 790.0	16 670.9	119.1
II. Civilian personnel			
International staff	5 045.7	3 201.8	1 843.9
National staff	1 583.6	958.1	625.5
United Nations Volunteers	-	-	-
Subtotal, line 2	6 629.3	4 159.9	2 469.4
III. Operational costs			
General temporary assistance	40.0	30.7	9.3
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-

Official travel	97.0	230.1	(133.1)
Facilities and infrastructure	5 931.1	3 756.7	2 174.4
Ground transportation	2 680.4	2 021.8	658.6
Air transportation	-	-	-
Naval transportation	-	-	-
Communications	1 772.8	1 705.6	67.2
Information technology	714.5	447.2	267.3
Medical	271.1	184.2	86.9
Special equipment	327.5	46.2	281.3
Miscellaneous supplies, services and equipment	3 738.1	3 294.5	443.6
Quick-impact projects	-	-	-
Subtotal, line 3	15 572.5	11 717.0	3 855.5
Gross requirements	38 991.8	32 547.8	6 444.0
Staff assessment income	919.8	654.8	265.0
Net requirements	38 072.0	31 893.0	6 179.0
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	38 991.8	32 547.8	6 444.0