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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES
IN THE MIDDLE EASTReview of rates of reimbursement to the Governments
of troop-contributing StatesReport of the Secretary-General

I, INTRODUCTION

1. The General Assembly, in its resolution 42/224 of 21 December 1987, decided, inter alia, that the rates of reimbursement to the Governments of troop-contributing States should be reviewed by the Secretary-General, in consultation with the troop-contributing States, if, in the light of inflation and currency-exchange fluctuations or other factors brought to the attention of the Secretary-General, the current rates appreciably affected the absorption factor of two or more of the troop-contributing States. In addition, the Assembly requested the Secretary-General to report on the matter at least once every two years. The present report is submitted in accordance with that request.

2. Standard rates of reimbursement were initially established by a decision of the General Assembly at the 2303rd plenary meeting, of its twenty-ninth session, on 29 November 1974. These standard rates fixed, on the basis of equality of treatment, the level of reimbursement to be made to Governments of troop-contributing States for the costs incurred by them in providing troops for service in the United Nations peace-keeping forces. The rates of reimbursement, which became effective on 25 October 1973, were reviewed in 1977, 1980, 1985 and 1987 and were revised in 1977 and 1980.

* A/44/150.

3. The current **rates**, which became applicable to the United Nations Disengagement Observer Force (UNDOF) on 1 **December** 1980 and to **the United Nations** Interim Force in Lebanon (UNIFIL) on 19 December 1980, are **as follows**;

(a) \$950 per person per month for pay and allowances for all ranks;

(b) **\$280** per person per month as **supplementary** payment for specialists, comprising 25 per cent of logistics contingents and 10 per **cent** for other **contingents** ;

(c) \$65 per person per **month** for the 'usage factor for personal clothing, gear and equipment for all ranks;

(d) \$5 per person per month for personal weaponry, **including** ammunition, for all ranks.

4. These rates **have been** applied to the **United Nations** Iran-Iraq Military Observer Group (UNIIMOG) and **the United Nations** Transition Assistance Group (UNTAG) *since* their establishment on 9 August 1988 and 1 April 1989, respectively.

II. CONSIDERATIONS

5. The introduction of standard rates of **reimbursement established** the amounts payable, on an equal basis, to Governments for their troops, which **serve** side by side in the peace-keeping forces. In this **regard**, it was recognized at that time that, based on an **equitable** standard **rate** of reimbursement formula, certain troop-contributing States would not **receive** full reimbursement for the expenses borne by them in **providing** troops to **the United Nations** peace-keeping forces. *However*, the **rates should** reimburse all troop-contributing States at least that portion which was paid to their troops **as** actual overseas allowances.

6. The reviews undertaken in 1977, 1980, 1985 and 1987 have shown that the costs to Governments in providing troops to the peace-keeping forces vary widely among the Member States. Consequently, the current standard **rates** of reimbursement could not fully compensate all Governments for **their** troop costs but provide, at least, reimbursement for the actual **overseas allowances** paid to their troops. That portion *of* the costs to those troop-contributing States which is not compensated for by the standard rates **of** reimbursement and which is absorbed by the respective Member State is referred **to** as the absorption factor.

7. At the time the present rates were established in 1980, the cost to the troop-contributing States for pay and allowances for troops when compared with the reimbursements made by the United Nations **showed** that the overall average absorption factor among the troop-contributing States was 45.9 per cent. The 1985 review showed a decrease in the absorption factor to 34.3 per cent, while the last review, which was undertaken in 1987, **indicated** that the overall average absorption factor had **increased** to 46.3 cent.

III, TROOP COSTS

8. Currently, four States (Austria, Canada, Finland and Poland) contribute troops to UNDOF, nine States (Fiji, Finland, France, Ghana, Ireland, Italy, Nepal, Norway and Sweden) contribute troops to UNIFIL and two States (Ireland and New Zealand) contribute troops to UNIIMOG. In addition, there are 10 States (Australia, Canada, Denmark, Finland, Italy, Kenya, Malaysia, Poland, Spain and the United Kingdom of Great Britain and Northern Ireland) contributing troops to UNTAG. At the time that cost data were requested from troop-contributing Governments (January 1989), the composition of UNTAG was unknown. Additionally, it was felt that since the mandate of UNTAG was of a limited duration, the data for the present review should be confined to those States participating in peace-keeping operations whose mandates were likely to be renewed. Cost data for the present review of reimbursement rates were therefore requested from 13 troop-contributing States (Austria, Canada, Fiji, Finland, France, Ghana, Ireland, Italy, Nepal, New Zealand, Norway, Poland and Sweden). Replies were received from nine States only, one of which submitted data the substance of which did not permit its inclusion in the review. The results of the analyses of the cost information provided by the remaining eight troop-contributing States are set out in the table at the end of the present report.

9. The table lists individual and average absorption factors borne by troop-contributing Governments in respect of pay and allowances for the years ending December 1980, 1984, 1986 and 1988. As stated in paragraph 6 above, these factors represent those portions of the costs to the troop-contributors which are in excess of the current reimbursement levels. As may be noted, based on the somewhat circumscribed data obtained, the average absorption factor for 1988 is now 58.8 per cent as compared to 45.9 per cent in 1980. Contributing significantly to this overall increase, however, is the absence of usable cost data from five troop-contributing States, of which three historically have been recorded as incurring the least expenses in providing troops to United Nations peace-keeping operations. The absence of cost data from those States jeopardizes the findings of the present review as a measurement of the average absorption factor of all 13 troop-contributors, and it reduces the possibility of any meaningful comparison between the results of the present review and the one undertaken in 1980.

10. The data submitted from the eight "higher cost" troop-contributing States also indicate that they are absorbing additional costs for the personal clothing, gear and equipment that they provide to their troops as well as for miscellaneous expenses associated with preparing their contingent for peace-keeping assignments,

IV. CONCLUSIONS

11. Owing to the incompleteness of the data received and utilized for the present review and the consequent inability to reflect the cost experience of all 13 troop-contributors, a realistic basis does not exist for recommending a revision in the current rates. Consultations, under the terms of General Assembly resolution 421224, were undertaken between the Secretariat and representatives of the 13 troop-contributing States surveyed. It is therefore proposed that the current standard rates of reimbursement be retained until a further, fully comprehensive review can be conducted.

Table, Summary of absorption factors at the standard current per person monthly reimbursement rate (\$950 plus \$280 for a limited number of specialists) in increasing order of magnitude

(Based on December 1988 exchange rates)

	<u>Absorption factor a/</u> (percentage)			
	<u>1980</u>	<u>1984</u>	<u>1986</u>	<u>1988</u>
	18.6	(38.2)		
	24.7	11.7	(37.0)	-
	37.1	13.6	35.2	
	37.8	18.6	37.2	51.6
	40.4	28.8	42.5	52.7
	48.0	38.8	50.2	55.2
	49.7	48.8	56.4	58.5
	52.3	50.9	59.8	54.7
	57.9	61.9	67.3	60.0
	68.9	70.7	71.1	65.6
	<u>59.5</u>	<u>72.2</u>	<u>80.4</u>	<u>67.9</u>
Average	<u>45.9</u>	<u>34.3</u>	<u>46.3</u>	<u>58.8</u>

a/ That percentage of the costs of the troop-contributing States not covered by the standard rates of reimbursement,
