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Chair: Mr. Tommo Monthe (Cameroon)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Kelapile

Contents

Organization of work

Agenda item 131: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

Agenda item 146: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2011

Agenda item 148: Financing of the United Nations Mission in the Central African Republic and Chad

Agenda item 155: Financing of the United Nations Mission in Ethiopia and Eritrea

Agenda item 156: Financing of the United Nations Observer Mission in Georgia

Agenda item 162: Financing of the United Nations Mission in the Sudan (*continued*)

Agenda item 154: Financing of the United Nations Integrated Mission in Timor-Leste

Agenda item 160: Financing of the United Nations peacekeeping forces in the Middle East

(a) United Nations Disengagement Observer Force

(b) United Nations Interim Force in Lebanon

Agenda item 163: Financing of the United Nations Mission for the Referendum in Western Sahara

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The meeting was called to order at 10.10 a.m.

Organization of work (A/C.5/66/L.33)

1. **The Chair** invited the Committee to consider the proposed programme of work for the second part of the resumed sixty-sixth session, prepared on the basis of the note by the Secretariat on the status of preparedness of documentation (A/C.5/66/L.33).

2. **Mr. Benmehidi** (Algeria), speaking on behalf of the Group of 77 and China, said that it was to be hoped that the programme of work would be adjusted as warranted by developments in the Committee's deliberations and the availability of documents. Given the demanding workload for the current part of the resumed session, a focus must be maintained on peacekeeping issues. Adequate time should be allocated to the consideration of all items before the Committee. In addition to the peacekeeping budgets, other priority issues to be addressed were the difficulties faced by troop-contributing countries arising from inflation factors; options for achieving a fair solution to the unpaid assessments, accounts payable and other liabilities of closed peacekeeping missions, so as to settle claims outstanding in those missions with cash deficits; and the need to ensure that the formulation of peacekeeping budgets was based on approved mandates and the situation on the ground, rather than on arbitrary, across-the-board cuts.

3. The Group was committed to concluding the session within the established time frame, which was sufficient for the consideration and conclusion of all agenda items. It would therefore oppose any attempts to extend the session and urged all delegations to commit to constructive negotiations in order to ensure a successful and timely outcome.

4. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, urged the Bureau to ensure that sufficient time was provided for the Committee's important discussions on peacekeeping operations, especially the peacekeeping budgets. The Secretariat should also ensure that the supplementary information requested by Member States was provided in a timely manner in order to facilitate negotiations.

5. The Group noted with concern the significant cuts in the budget proposals for many peacekeeping missions. It intended to scrutinize the basis on which those proposals had been developed and to consider how best to ensure the effective delivery of mandates

and the security of all peacekeepers. The Group had long held that each peacekeeping budget should be considered on its merits, bearing in mind the specific mandate and unique circumstances of the mission in question. It was also imperative to address the concerns raised by troop-contributing countries regarding the sustainability of United Nations peacekeeping operations, given the importance of ensuring the safety and well-being of United Nations personnel, the Organization's most valuable assets.

6. With regard to outstanding dues to Member States from closed peacekeeping missions in net cash deficit, the Group looked forward to examining the proposals and alternatives to address that issue to be submitted by the Secretary-General pursuant to General Assembly resolution 65/293.

7. Lastly, while the Group believed that constructive dialogue could allow the session to be concluded within the established time frame, that would only be achieved if all delegations committed themselves to being guided by the rules of procedure of the General Assembly and conducted their business in an open, transparent and inclusive manner, avoiding negotiations in small groupings. The Group would not consent to agreements based on package deals or discussed outside the framework of the Committee.

8. **Mr. Errázuriz** (Chile), speaking on behalf of the Community of Latin American and Caribbean States (CELAC), said that the CELAC countries, which contributed the majority of the troop and police personnel to the United Nations Stabilization Mission in Haiti (MINUSTAH), were committed to helping the people of Haiti achieve stability, peace and sustainable development. MINUSTAH must be provided with the resources needed to discharge its mandate and to remain in Haiti for as long as necessary, in line with the wishes of the Haitian Government and people. Any reductions in its budget should be based on the situation on the ground and not on arbitrary, across-the-board cuts.

9. More generally, in view of the current scope of United Nations peacekeeping operations and their central role in the maintenance of international peace and security, it was essential to continue to strengthen their operational capacity and organizational structure. The financing of each mission should therefore be analysed on its merits.

10. CELAC attached great importance to cross-cutting issues. While welcome progress had been made in the payment of reimbursements to Member States, there was still room for improvement. Bearing in mind that reimbursements should be made in a timely and efficient manner, the Secretariat should continue to seek practical ways to address the issue and give equal treatment to all missions.

11. It was a matter of concern that the current rates of reimbursement offered to Member States might seriously affect the availability of human and material resources from troop-contributing countries, especially developing countries, which faced an unprecedented financial burden as a result of continuing inflation. In that regard, CELAC noted the review of the methodology for rates of reimbursement to troop-contributing countries, endorsed by the General Assembly in resolution 63/285 and currently being implemented, and also noted the importance of the work of the Working Group on Contingent-Owned Equipment, although its recommendations still fell short of expectations. It further noted with satisfaction the one-time supplemental payment made to troop-contributing countries during the period from 1 July 2011 to 30 June 2012, and the establishment of a Senior Advisory Group to consider rates of reimbursement to those countries. Given the urgent need to update reimbursement rates and establish a methodologically sound mechanism for reviewing such rates in the future, the Senior Advisory Group should work pragmatically and make every effort to reach a positive outcome in a timely manner, so as to contribute to the Committee's deliberations. The Group's work should form the basis of a long-term solution to address the concerns of troop-contributing countries and avoid as far as possible the need to consider further one-time measures.

12. The global field support strategy was an important initiative that could improve the effectiveness and efficiency of United Nations field missions. In that regard, CELAC would engage in constructive dialogue with other delegations and the Secretariat to ensure the quality and efficiency of services provided to missions on the ground.

13. It was unfortunate that the General Assembly had been unable to appropriately consider the recommendations contained in various reports on the financial arrangements and backstopping of special political missions at the main part of the sixty-sixth

session. The issue was of great importance to the CELAC countries, especially in view of the distortion of the regular budget caused by special political missions, which were very closely related to peacekeeping operations. Such distortion was likely to worsen over time.

14. CELAC was willing to consider at the second part of the resumed session the issues and revised recommendations contained in the addendum to the annual report of the International Civil Service Commission (A/66/30/Add.1) concerning the rest and recuperation policy, having been informed that the situation was urgent and, if not promptly addressed, could seriously hamper the Organization's capabilities to deliver on its mandates in some of the most difficult environments. It was not prepared, however, to undertake a general discussion or reopen any other elements of the decision taken by the General Assembly at the main part of the session. It considered it highly unfortunate that Member States had been advised of the situation in a manner that was not optimal, and that the implications of the General Assembly's decisions had not been fully weighed from a technical perspective. Such a situation should not be repeated, under any agenda item, in the future.

15. Lastly, CELAC reiterated the importance of the timely issuance of documentation. The late issuance and late introduction of reports impaired the Committee's efficiency, despite the significant efforts made over the years to enhance its work. Delegations should also make every effort to respect the scheduled completion date of the session.

16. **Mr. Mayr-Harting** (Observer for the European Union), speaking also on behalf of the acceding country Croatia; the candidate countries Iceland, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the member States of the European Union attached great importance to peacekeeping as a core task of the Organization and would continue to do what was necessary to ensure that United Nations peacekeeping was effective. They actively supported and participated in United Nations-mandated peacekeeping operations throughout the world, contributing troops, civilian police and other personnel, and were the largest collective financial contributors to the peacekeeping budgets. In that

connection, he commended the hard work and commitment of all United Nations peacekeeping personnel and paid tribute to all those who had lost their lives in the line of duty.

17. The member States of the European Union would closely examine the budgets of all peacekeeping missions, as well as support functions, with a view to providing adequate funding. However, given the financial constraints imposed by the global economic crisis on States Members of the United Nations, not only in Europe, strict budget discipline was required to ensure that resources were truly needed and were used in an effective, efficient and transparent way.

18. The member States of the European Union continued to support the implementation of the global field support strategy. The Secretariat should ensure that the strategy produced economies of scale and savings, as well as strengthened accountability and improved service delivery on a global and regional basis, for more rapid and effective deployment of missions. As work continued on the strategy, it would also become increasingly important to gain a clearer picture of its impact and of results.

19. Lastly, the member States of the European Union attached great importance to decision-making by consensus within the Committee. While compromise was often required, a decision must be reached by genuine consensus in order to be credible. The General Assembly must be able to unite in its decisions on the Organization's reform, management, funding and budgets, both for the future good functioning and reputation of the Committee and for the covenant of goodwill among Member States on which the essence and effectiveness of the United Nations itself was founded. The member States of the European Union were therefore committed to working closely with all partners in a spirit of openness, transparency and constructive cooperation in order to reach decisions by consensus on all items on the agenda by the scheduled end of the session.

20. **Mr. Torsella** (United States of America) said that most of his comments on organization of work were preliminary, given the delayed issuance of many documents, including the Advisory Committee's reports under some of the agenda items scheduled for consideration in coming days.

21. While his delegation appreciated the steps taken to rationalize and streamline the budgets presented to

the Committee at the current session, it encouraged the Secretary-General to go further in improving the management of peacekeeping operations, by seeking not just one-time savings but also structural and sustainable efficiencies. His delegation would closely scrutinize each of the budgets presented over the course of the session.

22. With regard to cross-cutting issues, he emphasized the need to further strengthen measures against sexual exploitation and abuse in United Nations peacekeeping and concurred with the Secretary-General that any substantiated case of sexual exploitation and abuse was one case too many. While steady progress had been made in the implementation of the global field support strategy, it was important now to stay the course, rather than repeating the deliberations of previous sessions, in order to realize all the potential benefits that the strategy could yield for all stakeholders in United Nations peacekeeping. There was still significant scope for further improving the effectiveness of peacekeeping operations, in respect of which the many observations and recommendations of the Board of Auditors would provide a good starting point. Lastly, he noted that the extraordinary measures agreed by the General Assembly in its resolution 65/289, including the provision of a one-time supplemental payment to troop-contributing countries and the establishment of a Senior Advisory Group, had been implemented.

23. His delegation reaffirmed its strong support for United Nations peacekeeping and for the global partnership that lay at its heart. However, at recent sessions that global partnership had come under increasing strain in the Committee. In particular, the brinkmanship at the second part of the resumed sixty-fifth session, which had not been concluded until 1 July 2011, had put all peacekeeping operations and, by extension, the credibility of the Organization, in jeopardy. It was to be hoped that such an experience would not be repeated.

24. His delegation also strongly affirmed the principle of consensus-based decision-making, under which the General Assembly had directed the Committee to operate. In that regard, it remained deeply concerned at the outcome of the final meeting at the first part of the resumed sixty-sixth session, at which draft resolution A/C.5/66/L.30 on progress towards an accountability system in the United Nations Secretariat had been submitted to the Committee

before consensus had been reached on its content. Forcing a decision on an administrative and budgetary matter on a basis other than consensus would constitute, not a victory for a particular group, but, rather, a defeat for the global partnership, with repercussions for the entire Organization. Moreover, if an inability to achieve consensus within the Committee jeopardized peacekeeping budgets in particular, it would be the vulnerable populations in the affected countries who were placed most at risk. His delegation was therefore committed to engaging partners in a cordial and collegial spirit, with a view to reaching consensus decisions on all items before the Committee at the current part of the session. It would not participate in any negotiating process that was incompatible with the principle of consensus-based decision-making.

25. **Mr. Okochi** (Japan) said that, while Member States should provide adequate capacity and resources to peacekeeping operations for the successful implementation of their mandates, the need for the efficient, effective and accountable management of those operations could not be overemphasized, not only because many Member States, including his own, faced difficult financial situations, but also because experience showed that excess resources and lack of adequate management often undermined the effectiveness of operations and the Organization's long-term sustainability. His delegation noted that the overall peacekeeping budget for the current year was expected to be 5.5 per cent lower than the previous year's budget; it was committed to working on each individual budget item so that the Committee could agree on the appropriate budget level required by each mission to discharge its mandate.

26. With regard to civilian personnel issues, while his delegation welcomed the positive outcomes, such as reduced vacancy and turnover rates, that had arisen from the implementation of General Assembly resolutions 63/250 and 65/248, posts and positions, especially under the support account, should be carefully reviewed to avoid surplus posts. In that regard, it reiterated its view that posts and positions remaining vacant for a certain period were demonstrably unnecessary.

27. His delegation commended the Secretariat on the efficiency measures to reduce operational costs, especially the 32 per cent reduction in global inventory holdings and the overall rationalization of the air fleet,

and encouraged it to continue such efforts. It also noted that the Secretariat had set resource reduction targets for fuel consumption, rations and movements of uniformed personnel that were similar to those used by the Governments of many Member States that pursued sound and balanced public expenditure. His delegation was committed to examining operational items, including the implementation of those efficiency measures, at the current part of the resumed session.

28. Turning to the global field support strategy, his delegation supported the efforts of the Secretary-General to improve the timeliness and quality of service delivery to field missions, as well as to achieve greater efficiency and economies of scale. The outcomes and gains of the first two years of implementation should be examined before embarking on the remaining three years of the initiative.

29. Lastly, his delegation looked forward to working constructively with all other delegations in order to achieve consensus agreements on all agenda items by the scheduled end of the session, as mandated by General Assembly resolution 41/213.

30. **Mr. Datuowei** (Nigeria) said that peacekeeping operations must be adequately funded. When sufficient resources were not made available to them, particularly in strife-ridden regions of Africa, it affected their outcomes. The financial burden on troop-contributing countries, among them his own, remained heavy, owing to the time that had elapsed since the last review of troop costs in 1992, and it appeared that the Senior Advisory Group established pursuant to General Assembly resolution 65/289 to consider rates of reimbursement to troop-contributing countries would not have completed its work in time for consideration by the Committee at the current session. Unless another one-time supplemental payment of \$85 million was made to troop-contributing countries for the period from 1 July 2012 to 30 June 2013, without prejudice to the Senior Advisory Group's recommendations, those countries would be subjected to further hardships and the implementation of United Nations mandates could also be affected.

31. The six-week rule remained a serious challenge for the Secretariat, which had failed to demonstrate that it was close to resolving the problem of delayed issuance of documentation. Many documents had yet to be issued at the start of the second part of the resumed session.

32. He welcomed the Secretary-General's identification of cross-cutting targets for resource reduction with a view to achieving economies of scale within and between field missions, pursuant to General Assembly resolution 65/289, as well as the assurance that the particular circumstances of each peacekeeping operation had been taken into account during budget preparation. However, the Secretariat should provide more information on how those measures would be applied by each mission, including, where appropriate, steps planned to avoid any impact on mandate implementation.

33. His delegation welcomed the progress made by the Secretariat in implementing the human resources management reforms approved by the General Assembly in recent years to address such problems as staff recruitment and retention, staff mobility and the impact of varying conditions of service. It looked forward to the prompt submission to the General Assembly of further analytical reports on the impact of implementation of the reforms.

34. His delegation was concerned that, although the General Assembly had shown consistent support for the Secretariat's proposals to upgrade its information technology systems, with the acquisition of fuel management software, an air operations information management system and an electronic rations management system all scheduled for implementation between 2007 and 2009, none of those systems had yet been implemented in all peacekeeping operations. He urged the Secretary-General to redouble efforts to achieve implementation of those systems, as well as the required interface between them and Umoja, without incurring additional costs.

35. With regard to the establishment of the Strategic Air Operations Centre in the Global Service Centre and the Transportation and Movements Integrated Control Centre in the Regional Service Centre at Entebbe, his delegation concurred with the Advisory Committee that the lines of authority and accountability for the management of air operations must be clearly defined. It also agreed with the Advisory Committee's comments on the measures introduced by the Secretary-General to strengthen accountability in peacekeeping operations.

36. Lastly, while the broad goals of the global field support strategy remained attractive, there were difficulties in assessing the progress made to date in implementing it, mainly owing to the timing of and

lack of detail in the progress report submitted by the Secretary-General (A/66/591). His delegation endorsed the Advisory Committee's recommendation that annual reporting on the strategy should be accurate, complete and transparent.

37. **The Chair** said that it was feasible to complete the session within four weeks and it was clear that delegations were firmly committed to doing so. To that end, he called on the Secretariat to ensure that all remaining documents were issued on time and to respond promptly to all questions raised by delegations in informal consultations. He also urged delegations to focus their deliberations on areas of significant divergence between the financial resources requested by the Secretary-General and the amounts proposed by the Advisory Committee, to quickly find room for compromise in their negotiations, and to promptly consider any proposals made by the Bureau with a view to streamlining negotiations.

38. He took it that the Committee wished to approve the proposed programme of work on the understanding that it would be adjusted by the Bureau as necessary during the course of the session, while respecting the four-week allotted time frame.

39. *It was so decided.*

Agenda item 131: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/66/5 (Vol. II), A/66/693 and A/66/719)

40. **Mr. Liu Yu** (Chairman of the Audit Operations Committee of the Board of Auditors), introducing the Board of Auditors' report on United Nations peacekeeping operations for the 12-month period from 1 July 2010 to 30 June 2011 (A/66/5 (Vol. II)), said that, given the continued improvements in 2010/11, and the ongoing programmes to address the management of assets, specifically in the context of the Administration's plans to implement the International Public Sector Accounting Standards (IPSAS), the Board had issued a clear unqualified audit opinion on the financial statements of peacekeeping operations for 2010/11. It had also removed the "Other matters" paragraph, concerning non-expendable and expendable property, that had been included in the 2009/10 report (A/65/5 (Vol. II)), and had focused on fewer, but more strategically important, areas.

41. In the budget formulation process, several deficiencies had resulted in a possible \$68.43 million overestimation of the 2010/11 budget. While ordinarily that overestimation could have been available as budget savings, the Board's findings on redeployments indicated that at least \$22.1 million had been redeployed within the year to cover cost overruns in other classes or groups.

42. With regard to the management of assets, the Board had found a high risk of waste/loss in respect of 23,243 assets, valued at \$136.56 million, which had remained in stock for more than a year and had not been used as at the end of 2010/11; of those assets, 3,247 were in "bad condition", "write-off" or "pending write-off". One of the main reasons for the deficiency was the absence of an effective oversight mechanism linking asset management with procurement.

43. The Board had identified the absence of an effective framework to monitor closely the progress of self-constructed projects, such as the \$90 million project of the African Union-United Nations Hybrid Operation in Darfur (UNAMID) to construct mission subsistence allowance accommodation. UNAMID had significantly changed what was to be delivered under its approved budget by reducing the accommodation capacity from 1,946 to 1,526 persons and building an additional unplanned cluster for the Joint Special Representative at a considerably higher standard and cost, without reporting the changes to Headquarters or seeking approval for them. For its part, Headquarters had not closely monitored the progress of the project.

44. Lastly, the Board had identified deficiencies in the programme management of the restructuring of the Department of Peacekeeping Operations and the implementation of the global field support strategy. Having reviewed the former, it had been unable to objectively determine the success of the restructuring, because the Organization had failed to establish clear targeted benefits and benchmarks from the outset of the reform process. With regard to the latter, key performance indicators had not been fully established for three pillars of the project, and no management system existed to track, compile and report on the achievement of the indicators for each pillar. The Board did, however, recognize that the Organization's existing financial and performance reporting systems, which were being replaced by the Umoja enterprise resource planning system and IPSAS, did not support effective programme management.

45. The Board had also made recommendations for improvement in respect of deficiencies identified in the areas of IPSAS implementation, procurement and contract management, and mission exit and liquidation.

46. **Ms. Casar** (Controller), introducing the Secretary-General's report on implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2011 (A/66/693), said that the report provided additional information, where necessary, in response to the Board's recommendations; an explanation for delays in implementation of recommendations from prior periods; and the time frame for the implementation of both new and outstanding recommendations, the priorities for their implementation, the status of implementation, and the office responsible. It also summarized the current status of action on the specific concerns expressed by the General Assembly in resolution 65/243 B regarding non-expendable and expendable property, unliquidated obligations, identification of root causes of recurring recommendations, and accountability of managers for implementation of recommendations.

47. Attention should be drawn to the Board's explicit recognition that improvements in the management of assets had continued to be made in 2010/11 and that programmes were under way to address related issues, specifically in the context of the implementation of IPSAS. The Board had also acknowledged that areas such as the physical verification of assets, and the creation of unliquidated obligations, were showing a trend of continuous improvement, demonstrating the Administration's efforts to address the concerns raised by the Board in previous reports. The Administration was, however, aware of the need to continue to aggressively address control aspects in such areas, in line with the more stringent requirements applicable under IPSAS.

48. A total of 44 per cent of the 52 recommendations made by the Board in 2009/10 had been fully implemented, while 56 per cent had been partially implemented. The Administration had also improved the monitoring of the implementation of the Board's recommendations and reinforced the guidance provided to missions, as noted by the Board. The Secretariat remained committed to the full and timely implementation of the Board's recommendations.

49. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's related report (A/66/719), said that, while all recommendations of the Board of Auditors should be implemented in a timely manner, action to address deficiencies that were systemic in nature should be given the highest priority. The Board played an important role in identifying such systemic issues.

50. In order to tackle systemic issues, their root causes must be addressed. While the Secretary-General had highlighted a number of factors, including high vacancy rates and obsolete systems, as the root causes of most recurring audit recommendations, it was the Advisory Committee's view that the issues highlighted were within the purview of the Administration to address. Furthermore, the deficiencies noted by the Board of Auditors must be seen, at least in part, as reflecting managerial weaknesses as well as shortcomings in internal controls and oversight. Ensuring that appropriate action was taken in respect of such weaknesses was an integral component of an effective accountability framework.

51. **Mr. Benmehidi** (Algeria), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the work of the Board of Auditors and commended it on the quality of its report (A/66/5 (Vol. II)). The improvement in the financial and administrative management of peacekeeping operations was encouraging; the Secretariat should draw on past successes and lessons learned to sustain that trend, with a particular focus on addressing systemic shortcomings and recurring problems.

52. The Group remained concerned at the level of financial risk to which the Organization was exposed as a result of managerial weaknesses noted by the Board. A time frame and priorities for implementation of the Board's recommendations should be established and office holders should be held accountable. It was crucial for the Secretariat to strengthen dialogue with the Board in order to identify the root causes of recurring issues and minimize the ageing of recommendations. The low implementation rate, which had remained at 44 per cent for a second year, was a cause of concern.

53. The extent of cancellation of prior-period obligations and the continued high level of obligations raised during the last month of the financial period

were also troubling: as requested previously by the General Assembly, the Secretary-General should adhere to the criteria for the creation and cancellation of obligations.

54. Noting the Board's findings on preparations for the implementation of the International Public Sector Accounting Standards by peacekeeping missions, which was to begin on 1 July 2013, he asked for an explanation as to the absence of dedicated resources for IPSAS implementation teams and of implementation plans for peacekeeping operations as a whole and for each mission.

55. The Board's observations concerning deficiencies in procurement and contract management in peacekeeping operations were troubling. The Procurement Manual and other rules and procedures should be adhered to strictly, and Headquarters should exercise effective oversight to ensure compliance.

56. **Mr. Yoo Dae-jong** (Republic of Korea) said that his delegation welcomed the improvements noted by the Board of Auditors in asset management and IPSAS implementation in peacekeeping operations and hoped that the positive trend would continue. While the Secretary-General had identified such issues as high vacancy rates, outdated systems and the switch to new procedures and accounting standards as the root causes of recurring audit recommendations, the Advisory Committee had also pointed to managerial weaknesses and shortcomings in internal controls and oversight. His delegation wished to have the Secretariat's response to the Advisory Committee's observations. The Secretariat should address recurring problems more proactively and should give high priority to implementing the four recommendations that the Board had indicated would have systemic implications for peacekeeping operations.

57. On budget formulation and management, he wondered how the Secretariat planned to eliminate the overbudgeting highlighted by the Board. While budgets must necessarily take historical data and foreseeable factors into account, they must also be justified in terms of budget formulation criteria. He enquired whether a system of guidelines was in place to determine when deviation from those criteria was required.

58. The Secretariat should follow the Board's suggestions on mission exit and liquidation. His delegation wondered what lessons had been learned

from the liquidation of the United Nations Mission in the Central African Republic and Chad (MINURCAT) and the United Nations Mission in the Sudan (UNMIS) and how those lessons would be applied when formulating future liquidation plans.

59. With respect to the restructuring of the Department of Peacekeeping Operations, the Board had noted excessive reliance on qualitative indicators of achievement and a lack of baselines for quantitative results. Its recommendation on applying the lessons learned to future change management should be shared among all departments to ensure that they set clear goals, benchmarks and baselines at an early stage when planning similar exercises.

60. **Mr. Fermín** (Dominican Republic) requested that the Secretariat explain in informal consultations the purpose of the Santo Domingo Support Centre of the United Nations Stabilization Mission in Haiti.

61. **Ms. Casar** (Controller) said that the Secretariat was aware of the need to focus on the root causes of the problems identified by the Board of Auditors. Having completed the preparation of the budgets for peacekeeping operations, her office would now turn its attention to the issues relating to the implementation of Umoja and IPSAS. More detailed responses to the questions raised by delegations would be provided in informal consultations.

Agenda item 146: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2011 (A/66/665 and A/66/713 and Corr.1)

62. **Ms. Casar** (Controller), introducing the report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2011 (A/66/665), said that, after recording the credit returned to Member States pursuant to General Assembly resolution 65/293, and taking into account the interest income earned during the financial period 2010/11, the cash available for return to Member States had decreased to \$27.6 million. The decrease was partly due to an increase in loans to active peacekeeping missions from \$12 million as at 30 June 2010 to \$41.5 million as at 30 June 2011. Outstanding loans to active missions had further increased to \$45.5 million as at 30 April 2012.

63. Cash surpluses in the accounts of closed missions remained the only source from which to alleviate cash shortages for active peacekeeping missions. Cumulative cross-borrowing in the financial period 2011/12 had reached \$109 million for six active missions, compared to \$88.9 million for four active missions in 2010/11. Given the recent experience of cross-borrowing, the Secretary-General proposed that the Assembly should approve the retention of the cash balance of \$27.6 million. That amount, combined with the \$41.5 million borrowed by active missions as at 30 June 2011, would provide \$69.1 million of cross-borrowing capacity to manage cash shortfalls in active peacekeeping operations.

64. On the issue of outstanding payments to Member States from closed peacekeeping missions with cash deficits, she noted that \$63.1 million was owed to troop-contributing countries for four closed missions, as set out in annex IV to the report. The proper way to resolve the matter would be for Member States that were in arrears to closed missions to pay their contributions expeditiously, as called for in resolution 65/293. As requested by the Assembly, however, two alternatives were proposed: both involved settling the payments using part of the unencumbered balance of \$335.5 million in the special account for the African Union-United Nations Hybrid Operation in Darfur (UNAMID). In either case, Member States would be unable to lower their assessments for UNAMID for 2012/13 by their share of the \$63.1 million; they would recover that amount only when the arrears were paid.

65. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/713 and Corr.1), said that the Advisory Committee noted with concern the increase in borrowing from the accounts of closed peacekeeping missions with cash surpluses in order to meet the cash shortages of active missions, mainly owing to the unpredictability of receipts of assessed contributions. The cash flow requirements of active missions should be delinked from the cash surpluses of closed missions, which should be returned to Member States.

66. The Advisory Committee recommended against the proposals to borrow or transfer a portion of the unencumbered balance of the special account for UNAMID to settle the amount owed to troop-contributing countries by closed missions with cash

deficits, as that would be a temporary remedy that would not address the root cause of the problem and would mean utilizing resources owed to Member States that had paid their assessed contributions in order to meet the financial obligations of those that had not done so. The Advisory Committee recommended that the General Assembly should request the Secretary-General to submit all possible options to address the outstanding dues to Member States from closed peacekeeping accounts and find a long-term solution to the cash shortfalls for active missions that were currently met through cross-borrowing. In that regard, it considered that some previous proposals, such as the proposal to apply credits against outstanding contributions, could be revisited.

67. In view of the reduced cash balance available in closed peacekeeping missions as at 30 June 2011, the Advisory Committee recommended that the General Assembly should approve the retention of the balance of \$27.6 million.

68. **Mr. Benmehidi** (Algeria), speaking on behalf of the Group of 77 and China, said that the Group was concerned by the fact that the accounts of several closed peacekeeping missions showed cash deficits owing to the non-payment of arrears by Member States, which in turn left substantial outstanding dues owed to troop-contributing countries. The Group recalled that, under the Charter, all Member States were required to pay the full amount of their assessed contributions on time and without conditions. The Group would study the Secretary-General's proposals on alternatives to address those outstanding payments with a view to finding a lasting solution.

69. **Mr. Meyrat** (Switzerland), speaking also on behalf of Liechtenstein, said that the two delegations had long disagreed with the dysfunctional accounting used for closed peacekeeping missions, whereby cash shortfalls in active operations were financed using the cash surpluses of closed missions. Given the recent increase in cross-borrowing, the Secretariat should put forward proposals aimed at finding a lasting alternative to a practice that ran counter to sound financial management. Furthermore, the Secretary-General's proposals on ways of paying the outstanding dues owed to troop-contributing countries from closed missions were unconvincing. He supported the Advisory Committee's recommendation that all possible alternative options should be placed before the

General Assembly, including some proposals that had been considered previously.

70. The Secretary-General insisted on interpreting the Financial Regulations and Rules in such a manner as to justify retaining the cash surpluses of closed missions rather than returning them to the Member States. Focusing on only one aspect of the problem and ignoring the rest would make it impossible to establish a sustainable system: Member States should view the matter holistically during their deliberations.

Agenda item 148: Financing of the United Nations Mission in the Central African Republic and Chad (A/66/646 and A/66/718/Add.2)

Agenda item 155: Financing of the United Nations Mission in Ethiopia and Eritrea (A/66/560 and A/66/718/Add.3)

Agenda item 156: Financing of the United Nations Mission in Georgia (A/66/569 and A/66/718/Add.1 and Corr.1)

Agenda item 162: Financing of the United Nations Mission in the Sudan (*continued*) (A/66/608 and A/66/718/Add.5)

Agenda item 154: Financing of the United Nations Integrated Mission in Timor-Leste (A/66/609, A/66/711 and A/66/718/Add.8)

Agenda item 160: Financing of the United Nations peacekeeping forces in the Middle East

(a) **United Nations Disengagement Observer Force** (A/66/556, A/66/683 and Corr.1 and A/66/718/Add.10)

(b) **United Nations Interim Force in Lebanon** (A/66/582, A/66/701 and Corr.1 and A/66/718/Add.4)

Agenda item 163: Financing of the United Nations Mission for the Referendum in Western Sahara (A/66/573, A/66/681 and A/66/718/Add.6)

71. **Ms. Casar** (Controller), introducing the performance report on the budget of the United Nations Mission in the Central African Republic and Chad for the period from 1 July 2010 to 30 June 2011 (A/66/646), said that the General Assembly had appropriated funding of \$239.1 million for the maintenance and liquidation of the Mission and that expenditure had amounted to \$236.3 million, leaving

an unencumbered balance of \$2.8 million, which represented a resource utilization rate of 98.8 per cent. The main causes of the variance were lower expenditure for generator and vehicle fuel and lower requirements for air operations owing to the earlier-than-expected depositioning of aircraft, partly offset by higher requirements for international staff costs and repatriation of military contingents. The Assembly was invited to take the actions set out in paragraph 60 of the report.

72. Introducing the final performance report for the United Nations Mission in Ethiopia and Eritrea (UNMEE) as at 30 June 2011 (A/66/560), she said that the income of the Mission from its inception in 2000 to 30 June 2011 had amounted to \$1,555.6 million, comprising \$1,530.8 million in assessed contributions, \$19.1 million in interest income and \$5.7 million in other income. Expenditure for the same period had totalled \$1,406.7 million, partially offset by \$62.1 million from the cancellation of prior-period obligations, resulting in net expenditure of \$1,344.6 million. The unencumbered balance amounted to \$211 million, of which \$200 million had been credited to Member States, leaving a balance of \$11 million. The General Assembly was invited to take the action set out in paragraph 7 of the report.

73. Introducing the report on the financing of the United Nations Observer Mission in Georgia (UNOMIG) (A/66/569), she said that the final disposition of the Mission's assets, with a total inventory value of \$22.7 million as at 1 July 2009, had been undertaken in accordance with regulation 5.14 of the Financial Regulations and Rules. The inventory comprised three groups of equipment: equipment transferred to other missions or for temporary storage at the United Nations Logistics Base, with an inventory value of \$10.7 million; equipment disposed of in the mission area, with an inventory value of \$3 million, and equipment transferred to the Office of the United Nations High Commissioner for Refugees in Georgia, with an inventory value of \$3.7 million; and written-off/lost equipment, with an inventory value of \$5.3 million. The General Assembly was requested to take note of the report.

74. Introducing the performance report on the budget of the United Nations Mission in the Sudan for the period from 1 July 2010 to 30 June 2011 (A/66/608), she said that the General Assembly had approved a total appropriation of \$1,008 million for the

maintenance of the Mission and that expenditure had amounted to \$998.8 million, resulting in an unencumbered balance of \$9.2 million, which represented a resource utilization rate of 99.1 per cent. The unutilized balance was attributable to lower requirements for military contingents and reduced expenditure for disarmament, demobilization and reintegration activities owing to challenges experienced in implementing the programme, and was partially offset by higher requirements for international and national staff and for air transportation. The Assembly was invited to take the actions set out in paragraph 44 of the report.

75. Introducing the performance report on the budget of the United Nations Integrated Mission in Timor-Leste (UNMIT) for the period from 1 July 2010 to 30 June 2011 (A/66/609), she said that the General Assembly had appropriated funding of \$206.3 million for the maintenance of the Mission and that expenditure had amounted to \$190.1 million, resulting in an unencumbered balance of \$16.2 million, which represented a utilization rate of 92.2 per cent. The variance was primarily attributable to lower expenditure for police personnel owing to deployment delays; reduced rotation costs and non-utilization of provisions for freight; lower common staff costs for international staff and reduced requirements for United Nations Volunteers; and reduced requirements under operational costs owing to the utilization of existing inventories. The General Assembly was invited to take the actions set out in paragraph 54 of the performance report.

76. The proposed budget of \$160.2 million for the period from 1 July 2012 to 30 June 2013 (A/66/711) reflected an 18.3 per cent decrease relative to the funding of \$190.1 million appropriated by the General Assembly for 2011/12. Pending the submission by the Secretary-General of his recommendations on the completion of the Mission's mandate, as requested by the Security Council in its resolution 2037 (2012), the proposed budget provided for the maintenance of the authorized police strength. The main causes of the variance were reduced requirements for military and police personnel owing to the application of delayed deployment factors and reduced requirements for civilian personnel owing to the proposed abolition of positions after completion of the electoral process and implementation of the Joint Transition Plan by the end

of 2012. The General Assembly was invited to take the actions set out in paragraph 105 of the budget report.

77. Introducing the performance report on the budget of the United Nations Mission for the Referendum in Western Sahara (MINURSO) for the period from 1 July 2010 to 30 June 2011 (A/66/573), she said that the funding of \$57.1 million appropriated by the General Assembly for the maintenance of the Mission had been utilized entirely. The General Assembly was invited to take the actions set out in paragraph 45 of the performance report.

78. The proposed budget of \$58.7 million for the period from 1 July 2012 to 30 June 2013 (A/66/681), which was exclusive of budgeted voluntary contributions in kind, represented a 4.4 per cent reduction compared to the appropriation of \$61.4 million for 2011/12. The main causes of the variance were lower operational requirements for facilities and infrastructure, given the transfer of assets and supplies from liquidating missions, and reduced provisions for ground transportation, partly offset by higher requirements for national staff owing to a revised national salary scale and higher average grades of national staff. The General Assembly was invited to take the actions set out in paragraph 55 of the budget report.

79. Introducing the performance report on the budget of the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2010 to 30 June 2011 (A/66/556), she said that the General Assembly had appropriated funding of \$47.8 million for the maintenance of the mission and that expenditure had amounted to \$47.3 million, leaving an unencumbered balance of \$0.5 million, representing a utilization rate of 98.9 per cent. The main cause of the variance was lower costs for troop rotation and rations, offset by additional costs for national staff, mainly owing to the appreciation of the Syrian pound against the United States dollar and a revision of national salary scales effective November 2010. The Assembly was invited to take the actions set out in paragraph 32 of the performance report.

80. The proposed budget of \$46.2 million for the period from 1 July 2012 to 30 June 2013 (A/66/683 and Corr.1) reflected an 8.5 per cent reduction relative to the funding of \$50.5 million appropriated by the Assembly for the maintenance of the mission for 2011/12. The main causes of the variance were reduced

requirements for military contingents, owing in part to lower costs for troop rotation and rations; the extension of the useful life of ground transportation and communications equipment and the use of in-house resources for maintenance of armoured personnel carriers; and reduced requirements for international staff. The Assembly was invited to take the actions set out in paragraph 49 of the budget report.

81. Introducing the performance report on the budget of the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 2010 to 30 June 2011 (A/66/582), she said that the funding of \$518.7 million appropriated by the General Assembly for the maintenance of the Force had been used almost entirely, leaving an unencumbered balance of \$17,900. The General Assembly was invited to take the actions set out in paragraph 40 of the performance report.

82. The proposed budget of \$517.2 million for the period from 1 July 2012 to 30 June 2013 (A/66/701 and Corr.1) reflected a 5.2 per cent decrease relative to the funding of \$545.5 million appropriated by the Assembly for the maintenance of the Force for 2011/12. The main causes of the variance were reduced requirements for military contingents, air transportation, and communications and information technology. The Assembly was invited to take the actions set out in paragraph 77 of the budget report.

83. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the financing of MINURCAT (A/66/718/Add.2), said that the performance period had been marked by the drawdown, closure and liquidation of the Mission. The Advisory Committee expressed concern at the manner in which the recruitment exercise for national staff had been conducted and the resulting budgetary and legal implications. Furthermore, sufficient staff should have been retained for the liquidation exercise in order to avoid the increased requirement for support from other missions. The Advisory Committee took note of progress in the implementation of activities handed over to the Mission's partners at the termination of its mandate. It had no objection to the course of action proposed by the Secretary-General, based on the updated information set out in annex II to its report.

84. Introducing the Advisory Committee's report on the financing of UNMEE (A/66/718/Add.3), he said

that the Mission's liquidation activities had been completed in December 2010. The total income of the Mission from its inception in 2000 had been \$1.56 billion, of which \$211 million had remained unencumbered at the end of the mandate. After the return of credits to Member States amounting to \$200 million, a balance of \$11 million remained as at 30 June 2011. The Advisory Committee recommended acceptance of the Secretary-General's proposal to credit to Member States the available cash balance of \$9 million, taking into account the outstanding assessed contributions of \$2 million.

85. Introducing the Advisory Committee's report on the financing of UNOMIG (A/66/718/Add.1), he said that the Secretary-General's report (A/66/569) covered the final disposition of the Mission's assets, with a total inventory value of \$22.7 million and a residual value of \$7.6 million as at 1 July 2009. Assets with an inventory value of \$3.7 million had been transferred to the Office of the United Nations High Commissioner for Refugees at no cost because a commercial sale would not have served the interests of the Organization. The Advisory Committee recommended acceptance of the Secretary-General's proposal.

86. Introducing the Advisory Committee report's on the financing of UNMIS (A/66/718/Add.5), he recalled that the Mission's mandate had not been extended beyond 11 July 2011. The Advisory Committee recommended that the unencumbered balance of \$9.2 million and other income and adjustments in the amount of \$29.2 million should be credited to Member States.

87. Introducing the Advisory Committee's report on the financing of UNMIT (A/66/718/Add.8), he said that the Advisory Committee recommended approval of the budget proposed by the Secretary-General. The Advisory Committee noted the progress made in the implementation of the Joint Transition Plan to ensure a smooth handover when the Mission departed from Timor-Leste. It also noted the efforts made by UNMIT to enhance the skills of its national staff through training in order to improve their future employment prospects and the measures taken to mitigate the environmental impact of its activities. The Advisory Committee's recommendations on the financial performance of UNMIT in 2010/11 were set out in paragraph 54 of its report.

88. Introducing the Advisory Committee's report on the financing of MINURSO (A/66/718/Add.6), he said that the Advisory Committee's recommendation would entail a reduction of \$476,000 in the proposed budget. The reduction related to the aviation fuel supply for the Mission's air fleet. The Advisory Committee recommended approval of the Secretary-General's staffing proposals, which included a decrease of two posts and conversion from international to national posts. The Advisory Committee reiterated its concern at the persistent precariousness of the Mission's financial situation and its impact on timely reimbursements to troop-contributing countries, and recalled the General Assembly's repeated calls for all Member States to pay their assessed contributions in full, on time and without conditions.

89. Introducing the Advisory Committee's report on the financing of UNDOF (A/66/718/Add.10), he said that the Advisory Committee had been provided with an outline of the main objectives and deliverables of the mission support plan, contained in annex II to its report. The Advisory Committee expected that subsequent budgets and performance reports would provide information on the efficiencies realized as a result of its implementation. With the exception of reductions under the resources for international and national staff, the Advisory Committee recommended approval of the Secretary-General's proposals.

90. Introducing the Advisory Committee's report on the financing of UNIFIL (A/66/718/Add.4), he said that the Advisory Committee had been informed that the Mission's air fleet had been reduced from seven helicopters to five. Efforts were being made to identify replacements, but if the fleet remained at five, there would be reduced requirements of \$181,700 for 2012/13. The Advisory Committee recommended approval of the Secretary-General's proposals, subject to provision of updated information on the Mission's air fleet to the General Assembly. The Advisory Committee welcomed the Mission's continued efforts to review its staffing and propose adjustments to meet its changing priorities, including the reassignment or abolition of posts whose functions were no longer deemed necessary.

91. **Mr. Stojanovski** (Australia), speaking also on behalf of Canada and New Zealand, said that the International Stabilization Force, comprising personnel from Australia and New Zealand, supported the vital work of UNMIT and helped provide a secure

environment for the development of Timor-Leste. He congratulated the Timorese people on the orderly conduct of the recent presidential elections and trusted that, with the support of UNMIT, the upcoming parliamentary elections would be equally successful. As the Mission's mandate came to an end, it should be provided with adequate resources to ensure the successful implementation of the Joint Transition Plan and the transfer of its responsibilities to the Government.

92. The training of national staff through the National Staff Capacity-Building Programme would improve their future employment prospects and augured well for the long-term strength of national institutions and peacebuilding efforts. In view of the 25 per cent vacancy rate for national officers, he urged UNMIT to intensify its efforts to fill the vacant posts.

93. **Mr. Vargas** (Brazil) said that the flawless organization of the recent presidential elections by Timorese electoral authorities confirmed that Timor-Leste had progressed towards lasting stability. The national police force had also proved its readiness to take control of police responsibilities. The cooperation between UNMIT and the Government, demonstrated most notably by the Joint Transition Plan, had been widely cited as a model for post-conflict United Nations missions. The reconfiguration of UNMIT would soon begin and the necessary resources should be provided to consolidate the progress made, as moments of transition presented particular risks to stability.

94. His delegation was concerned that some of the cuts proposed in the budget lacked justification, having been based on arbitrary resource reduction targets. While efficiencies should be pursued in peacekeeping, they should be based on realities on the ground: the cuts in key areas proposed by the Secretary-General would affect the troops' ability to carry out their mandated tasks. He noted with regret that such reductions appeared to have been proposed in most of the peacekeeping budgets.

95. **Mr. Ayzouki** (Syrian Arab Republic) said that the United Nations Disengagement Observer Force had been established over 30 years earlier by Security Council resolution 350 (1974) to separate Syrian forces and the Israeli occupying forces in the Syrian Golan. Despite resolutions calling for a withdrawal to the 1967 borders, the occupation continued; consequently,

the financing of UNDOF should be borne by the occupying Power. His Government, which had respected the disengagement agreement, called for an end to the occupation of the Syrian Golan in accordance with the relevant resolutions. He paid tribute to the cooperation between the Force and Syrian authorities and commended the troop-contributing countries.

The meeting rose at 1.05 p.m.