

**General Assembly**

Distr.: General
27 March 2002

Original: English

Fifty-sixth session

Agenda item 136

**Financing of the United Nations Transitional Administration
in East Timor****Financing of the United Nations Transitional
Administration in East Timor****Report of the Secretary-General****Summary*

The present report provides details on the final disposition of the assets of the United Nations Transitional Administration in East Timor (UNTAET). The inventory value of the assets of the mission as at 13 March 2002 amounted to \$72.4 million, 79 per cent of which has been transferred to other peacekeeping operations or to the United Nations Logistics Base at Brindisi, Italy, for temporary storage. The disposition of UNTAET assets has been guided by the principles endorsed by the General Assembly in section VII of its resolution 49/233 A of 23 December 1994.

The action to be taken by the General Assembly, as set out in paragraph 8 below, is to take note of the present report on the final disposition of assets of UNTAET and to approve the donation of assets with total inventory value of \$8,145,100 and corresponding residual value of \$5,320,900 to the Government of East Timor.

* The footnote required in accordance with paragraph 8, of resolution 53/208 B, was not included in the submission.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1–4	3
II. Classification and disposition of the assets of the United Nations Transitional Administration in East Timor	5–7	3
III. Action to be taken by the General Assembly	8	7
Annexes		
I. Summary of the final disposition of assets		8
II. Property transferred or in the process of being transferred to other missions or locations		12
III. Property sold or in the process of being sold to the Governments of East Timor, Kenya and Portugal		15
IV. Property proposed to be donated to the Government of East Timor		18
V. Property to be written-off or lost		20

I. Introduction

1. By its resolution 1272 (1999) of 25 October 1999, the Security Council established the United Nations Transitional Administration in East Timor. The mandate of the Transitional Administration was extended by subsequent Council resolutions.
2. The President of the Security Council, in his statement of 31 October 2001 (S/PRST/2001/32), endorsed the recommendation of the Constituent Assembly of East Timor of 19 October 2001 that independence be declared on 20 May 2002, as well as the Secretary-General's recommendations for a continued and appropriately reduced United Nations integrated mission in the post-independence period.
3. In its resolution 1392 (2002) of 31 January 2002, the Security Council, taking note of the recommendation contained in paragraph 104 of the report of the Secretary-General to the Council (S/2002/80) on the extension of the mandate of UNTAET until the date of independence, decided to extend the mandate until 20 May 2002.
4. The present report on the final disposition of the assets of UNTAET is submitted pursuant to section VII of General Assembly resolution 49/233 A of 23 December 1994, in which the Assembly endorsed the proposals of the Secretary-General for the disposition of the assets of peacekeeping operations contained in his report of 25 May 1994 (A/48/945, para. 110 (d)) and the recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in its report of 18 November 1994 (A/49/664, para. 116).

II. Classification and disposition of the assets of the United Nations Transitional Administration in East Timor

5. The process of liquidating the assets of UNTAET was guided by the following principles and policies, as endorsed by the General Assembly in section VII of its resolution 49/233 A:
 - (a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other United Nations operations elsewhere in the world or will be placed in reserve to form the start-up kits for use by future missions;
 - (b) Equipment not required by other peacekeeping missions but which may be useful for operations of other United Nations agencies, international organizations or non-governmental organizations and which it is not feasible to keep in reserve will be sold to a relevant agency or organization;
 - (c) Any equipment or property not required or which it is not feasible to dispose of in the above manner or which is in poor condition will be subject to commercial disposal in the area of operations, following standard United Nations regulations and procedures;
 - (d) Any surplus mission assets remaining after disposition under the terms referred to in paragraphs (a) to (c) above, and/or any assets which have already been installed in the country and which, if dismantled, would in fact set back the rehabilitation process of the country, will be contributed to the duly recognized

Government of the country involved. This refers in particular to airfield installations and equipment, bridges and mine-clearing equipment. All efforts should be made to obtain from the Government its agreement to compensate the United Nations in a mutually acceptable form (inter alia, contributions, services, tax exemption) for the residual value of any surplus mission assets installed in the country which could not be otherwise disposed of. The General Assembly should, as a matter of principle, be requested to approve any such disposition of mission assets, which would provide for free-of-charge contribution to the Government.

6. On the basis of the inventory records as at 13 March 2002, the assets of UNTAET were established at \$72.4 million, predicated on their inventory value. These assets have been grouped into 16 categories of equipment as presented in peacekeeping operation budgets: prefabricated buildings, vehicular equipment, air traffic control equipment, naval equipment, communications equipment, office equipment, data-processing equipment, generators, observation equipment, petrol tank plus metering equipment, water and septic tanks, medical and dental equipment, accommodation equipment, refrigeration equipment, miscellaneous equipment and security equipment.

7. In accordance with the principles and policies recalled in paragraph 5 above, the assets of UNTAET have been placed into three groups and four subgroups, as presented in summarized form in the table below, in annex I and in detailed form in annexes II to V to the present report.

Table 1

Summary of the final disposition of assets of UNTAET

(Thousands of United States dollars)

<i>Group</i>	<i>Inventory value</i>
I. Transferred to other missions or for temporary storage to the United Nations Logistics Base at Brindisi	57 459.1
II. Disposed of in the mission area	
a. Sold	21.2
b. Donated (proposed)	8 145.1
III. Written-off/lost	
a. Written-off	4 765.5
b. Lost	2 020.2
Total	72 411.1

(a) Group I includes assets identified as meeting the requirements of other United Nations missions. The items in the group, with an inventory value of \$57,459,100 (79 per cent of the total asset inventory value), have been transferred to other United Nations missions and the United Nations Logistics Base at Brindisi for temporary storage pending future use, with the exception of assets to be transferred to the follow-on mission and surplus assets still available for transfer to other missions. Details are shown in annex II.

(b) Group II consists of assets with an inventory value of \$8,166,300 and includes two subgroups: II (a), items sold; and II (b), items to be donated as follows:

(i) Subgroup II (a), with an inventory value of \$21,200 (less than one per cent of the total asset inventory value), includes a Land Rover Discovery sold to the Government of East Timor (\$14,900). The vehicle was commandeered by the International Force, East Timor, on evacuation of the United Nations Assistance Mission in East Timor (UNAMET) to Darwin, Australia, in 1999. As it was disbanding, the International Force handed over the vehicle to the Forças Armadas Da Libertação Nacional De Timor Leste (FALANTIL), which continued to utilize the vehicle until it was located by representatives of UNTAET in 2000. Subsequently, an agreement was reached between the East Timor Transitional Administration and UNTAET regarding the purchase of the vehicle from UNTAET. Minor sales of assets to the Governments of Kenya and Portugal as part of self-sustainment are pending finalization. A breakdown of the recipients of these assets is shown in the table below and more detailed information is contained in annex III.

Table 2
Sale of the assets of UNTAET

(Thousands of United States dollars)

<i>Sold to</i>	<i>Inventory value</i>	<i>Sale value</i>
Government of East Timor	14.9	11.2
Government of Kenya	0.6	0.4
Government of Portugal	5.7	5.7
Total	21.2	17.3

(ii) Subgroup II (b), with an inventory value of \$8,145,100 (11 per cent of the total asset inventory value), consists of assets recommended for donation to the Independent Government of East Timor as shown in annex IV to the present report. In the absence of any functional administrative institutions and facilities in East Timor, UNTAET was established in 1999 with the mandate of providing a transitional administration. When UNTAET assumed the administration of the country, the available existing administrative infrastructure had either been removed or destroyed as a result of the preceding violence. Under these circumstances, United Nations staff and assets were deployed all across the country to establish the civil administration. A number of buildings and other facilities such as ports, airfields, roads and bridges had to be renovated or refurbished to meet mission requirements. By the time East Timor becomes independent on 20 May 2002, the new country will not yet have fully developed operational administrative institutions and facilities. Removal or withdrawal of all UNTAET assets from the country will have a catastrophic effect on the functioning of the Government after independence. In this regard, for the Government of East Timor to function at an appropriate and effective level, a considerable quantity of assets deployed by UNTAET is recommended to be left in place and donated to the Government of East Timor. In accordance with the recommendation contained in the report of the Advisory Committee on Administrative and Budgetary Questions of 6 April 2001 (A/55/874, para. 53), the donation is proposed for approval of the General Assembly during its second resumed fifty-sixth session.

(c) Group III totals \$6,785,700 and includes two subgroups: III (a), assets proposed to be written off, with a total inventory value of \$4,765,500 (7 per cent of the total asset inventory value); and III (b), assets lost during the course of the mission, with an inventory value of \$2,020,200 (3 per cent of the total asset inventory value). Detailed information on all items in the various categories of assets to be written off by the UNTAET local property survey board is shown in annex V to the present report. Summarized information is provided in table 3 and the explanations that follow.

Table 3

Written-off/lost United Nations property reported by UNTAET

(United States dollars)

<i>Category</i>	<i>Inventory value</i>	<i>Residual value</i>
Condemned	588.5	581.5
Unaccounted for	159.1	80.9
Wear and tear	1 247.7	587.7
Accident	408.3	329.4
Reported lost	595.1	590.8
Damage	1 748.9	1 682.5
Uneconomical to recover	17.9	10.2
Losses	2 020.2	1 434.9
Total	6 785.7	5 297.9

Condemned

The items concerned were erroneously entered in the UNTAET database and were subsequently removed from it with approval from Headquarters. An example cited is some East Timor Transitional Administration procurements which went through the receipt and inspection process and were entered in the UNTAET database, though bought from the Trust Fund for East Timor and the Consolidated Fund for East Timor.

Unaccounted for

These assets were not included as a part of the physical inventory during the period of the mission.

Wear and tear

Assets with a total inventory value of \$1,247,700 and a residual value of \$587,700 have been identified as unserviceable owing to wear and tear.

Accident

Twenty-eight light vehicles and one medium vehicle were written off because of traffic accidents in the course of the mission.

Reported lost

These items were reported stolen during the course of the mission.

Damage

These assets were damaged beyond repair during the course of the mission.

Uneconomical to recover

Based on the location and condition of these assets, it was determined to be uneconomical to recover and transfer or sell these items of equipment.

Losses

The respective items were lost during the course of the mission, in particular during the evacuation of UNAMET from East Timor to Darwin, Australia. Recovery efforts were not successful.

III. Action to be taken by the General Assembly

8. The action to be taken by the General Assembly is to take note of the report on the final disposition of assets of UNTAET and to approve the donation of assets with a total inventory value of \$8,145,100 and a corresponding residual value of \$5,320,900 to the Government of East Timor, as detailed in annex IV to the present report.