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Financing of the United Nations Interim Administration Mission in Kosovo

Financial performance report for the period from 1 July 2004 to 30 June 2005 and proposed budget for the period from 1 July 2006 to 30 June 2007 of the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation 2004/05	\$294,625,200
Expenditure 2004/05	\$294,497,000
Appropriation 2005/06	\$239,889,800
Proposal submitted by the Secretary-General 2006/07	\$219,207,400
Recommendation of the Advisory Committee 2006/07	\$219,207,400

1. **The Advisory Committee recommends acceptance of the proposal of the Secretary-General on the financing of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2006 to 30 June 2007.** In the paragraphs below, the Committee makes a number of observations and recommendations with regard to the administration and management of the Mission and opportunities for savings.

2. The Advisory Committee's general report on peacekeeping operations will contain its views and recommendations on a number of cross-cutting issues. **Consequently, in the paragraphs below, the Committee deals with resources and other items that relate specifically to UNMIK.**

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

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

4. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 58/305 of 18 June 2004, appropriated to the Special Account for UNMIK an amount of \$278,413,700 for the period from 1 July 2004 to 30 June 2005, inclusive of \$264,625,200 for the maintenance of the Mission, \$11,272,700 for the support account and \$2,515,800 for the United Nations Logistics Base at Brindisi, Italy. Moreover, the General Assembly, by its resolution 59/286 A of 13 April 2005, appropriated an additional amount of \$30 million gross (\$26,149,200 net) for the maintenance of the Mission for the period from 1 July 2004 to 30 June 2005, which increased the total to \$294,625,200. Total expenditures for the period from 1 July 2004 to 30 June 2005 amount to \$294,497,000 gross (\$271,776,500 net), including unliquidated obligations of \$22,072,000. The unencumbered balance is \$128,200 gross.

5. The Advisory Committee recalls that in its review of the financial performance report for the period ended 30 June 2004, the Committee pointed out that large amounts of prior-period obligations that had been included in the performance reports as expenditures were subsequently cancelled. **The Committee notes with concern an apparent lack of progress in this area since the \$8 million related to prior-period obligations shown in the financial report of the Mission for the period 2004/05 is significantly higher than those reported for the two prior financial periods (\$3.1 million and \$4.9 million, respectively). The Committee expects that the next performance report will contain information on specific measures taken to mitigate this situation.**

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

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

II. Information on performance for the current financial period

8. The administration reports that, as at 31 December 2005, a total of \$2.242 billion had been assessed on Member States in respect of UNMIK since its inception. Payments received as at the same date amounted to \$2.116 billion, leaving an outstanding balance of \$126 million. The cash available to UNMIK as at 31 December 2005 was \$42.6 million.

9. A total of \$22,861,747 was due to Member States for reimbursement of civilian police costs, as at 31 December 2005. No payment was made in 2005. With regard to contingent-owned equipment and self-sustainment of formed police units, the Committee was informed that as at 31 December 2005 an amount of \$12,854,942 was owed to Member States for contingent-owned equipment and self-sustainment services; and that unliquidated obligations for the period up to 30 June 2006 amounted to \$2,025,051. Claims held in accounts payable amounted to \$11,933,877. In respect of death and disability compensation, \$621,000 had been paid as at 31 December 2005 for 30 claims, 1 claim was pending and unliquidated obligations amounted to \$622,000. The Advisory Committee sought clarification as to the level of unliquidated obligations and was informed of the total of \$622,000, an amount of \$512,000 was raised during the financial period 2003/04 and the balance of \$110,000 was raised during the financial period 2004/05; although there is only one pending claim currently obligations are kept to cover the risk of receiving further claims in the five years following the end of the financial period during which they were established.

10. The incumbency situation in UNMIK as at 31 January 2006 was as follows:

<i>Category of personnel</i>	<i>Authorized^a</i>	<i>Encumbered</i>	<i>Vacancy rate (percentage)</i>
Military observers	38	37	2.6
Civilian police	2 195	1 663	24.2
Formed police units	743	500	32.7
International staff	765	601	21.4
National staff	2 555	2 228	12.8
United Nations Volunteers	250	191	23.6

^a Represents the highest authorized strength.

11. The Advisory Committee was provided with expenditure data for the period from 1 July 2005 to 30 June 2006 as at 28 February 2006 (see annex below). Expenditure for the current period amounted to \$164,287,400 gross (\$153,527,900 net), against an apportionment of \$239,889,800 gross (\$219,835,700 net).

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

A. Mandate and planned results

12. The Committee notes that a majority of the executive functions performed under the civil administration pillar (United Nations) have been transferred to the Provisional Institutions of Self-Government; the civil administration pillar is to be reconfigured into a smaller Department of Civil Administration, which will no longer perform executive governance functions but will monitor the central and local bodies of government of the Provisional Institutions of Self-Government. Under component 2, rule of law, following the transfer of substantial competencies to the Kosovo Government and judiciary, the Mission will no longer perform executive functions either but rather strategic monitoring and intervention functions.

The Mission reports that in view of the shifts in responsibilities, the civilian staffing level of component 1, substantive civilian, is reduced from 696 to 471 posts and the civilian staffing level of component 2, rule of law, is reduced from 1,544 to 1,280 posts. The number of United Nations police officers will be reduced from 2,938 to 2,078, including 398 in special police units. The number of support staff under component 3, support, will be reduced from 1,307 to 1,096 posts.

13. **The Committee recognizes that further progress has been made by the Mission in the presentation of the results-based budget framework as reflected both in the performance report of UNMIK for the period 2004-2005 and the proposed budget for 2006-2007. Nevertheless, it reiterates that as the Mission continues to evolve, the proposed budget should explain both the rationale for downsizing as well as the linkage to proposals for reduced staffing and financial resources (see A/59/736/Add.1, para. 12).**

B. Resource requirements

1. Military and police personnel

<i>Category</i>	<i>Approved 2005-2006^a</i>	<i>Proposed 2006-2007</i>
Military liaison officers	38	38
United Nations police officers	2 195	1 680
Formed police units	743	398

^a Represents the highest level of authorized/proposed strength.

14. The estimated requirements of \$64,797,200 reflect a net decrease of \$1,828,000 (2.7 per cent) in military and police personnel costs, compared to the \$66,625,200 apportionment for 2005-2006. The decrease is due mainly to the reduction of the number of police officers in formed police units from a maximum authorized strength of 743 in 2005/06 to 398 in 2006/07. The increase of \$1,137,200 under civilian police is due mainly to the application of a 5 per cent vacancy rate, compared to the 15 per cent vacancy rate used for the current financial period.

15. The additional requirements of \$2,160,000 under military and police personnel reported in the performance report for 2004-2005 were due mainly to the increase in mission subsistence allowance effective 1 May 2004 and to the fact that estimates for reimbursement of contingent-owned equipment were based on seven formed units deployed from July 2004 to March 2005, whereas eight units were actually deployed during that period.

2. Civilian personnel

<i>Category</i>	<i>Approved 2005-2006</i>	<i>Proposed 2006-2007^a</i>	<i>Variance</i>
International staff	765	621	(144)
National staff	2 555	2 086	(469)
United Nations Volunteers	250	163	(87)

^a Includes Conduct and Discipline Team temporary positions funded from general temporary assistance.

16. The total estimated requirements of \$127,558,200 under civilian personnel for 2006-2007 reflect a net effect of a decrease under international staff (\$8,984,300) and United Nations Volunteers (\$3,634,600) and an increase under national staff (\$1,942,200). The reduced requirements under international staff and United Nations Volunteers are attributable mainly to the reduction of 144 international posts and 87 United Nations Volunteer positions. The increased requirements under national staff reflect primarily the application of costing parameters of a higher average grade (G-4, step 8) for the financial period 2006/07, compared to the costing parameters used for the 2005/06 budget (G-3, step 5).

Recommendations on posts

17. In addition to the further downsizing and downward reclassification of international and national staff for the period 2006/07, the proposed staffing table reflects the following changes:

(a) *Establishment of 28 posts (2 P-3, 2 General Service (Other level), 10 national General Service and 14 United Nations Volunteers) under component 1, substantive civilian, including: 1 General Service (Other level) post in the Office of the Director of Civil Administration (formerly the Office of the Deputy Special Representative of the Secretary-General), 12 posts (2 P-3, 1 General Service (Other level) and 9 United Nations Volunteers) in the newly organized Office of Communities, Returns and Minorities, 1 United Nations Volunteer in the Office of the Spokesperson and Public Information, 1 United Nations Volunteer in the Office of Gender Affairs, 10 local-level posts in the Office of Coordinator of Kosovo Protection Corps and 3 United Nations Volunteers in the municipal administrations.* The Committee notes that a total of 253 posts (1 ASG, 3 D-1, 9 P-5, 2 P-4, 11 P-3, 1 P-2/1, 12 General Service (Other level), 1 National Professional Officer, 68 local level and 122 United Nations Volunteers) are proposed for abolition under component 1, substantive civilian, for the financial period 2006/07.

(b) *Establishment of 22 United Nations Volunteer positions under component 2, rule of law, including: 2 positions in the Office of the Police Commissioner, 3 United Nations Volunteers in the Office of the Director (Justice), 2 positions in the Legal Advisory Support Unit, 5 positions in the Judicial Development Division, 2 positions in the International Judicial Support Division, 6 positions in the Penal Management Division and 2 positions in the Office of Missing Persons and Forensics.* The proposed budget provides for abolition of a total of 286 posts (2 P-5, 2 P-4, 16 P-3, 4 P-2/1, 6 General Service (Other level), 255 local level and 1 United Nations Volunteer) are proposed for abolition under component 2, rule of law, for the financial period 2006/07.

(c) *Establishment of 1 P-5 post in the Technical Support Services (component 4, support).* The Committee notes from the budget document that the P-5 post in the Technical Support Services will coordinate all technical services in preparation for the liquidation phase.

The Advisory Committee has no objection to the above staffing changes proposed in (a), (b) and (c) above, since in view of the proposed abolition of posts and downward reclassifications, those changes reflect mainly reprogramming of functions within the Mission for the coming fiscal year.

18. With regard to the proposed establishment of seven posts (1 P-5, 2 P-4, 1 P-2/1, 1 Field Service, 1 National Professional Officer and 1 General Service (Local level)) for a Conduct and Discipline Team, the Committee notes that those posts are included in the staffing table of the Mission and are proposed for the entire financial period of 2006/07. **It is the Committee's view therefore that the related cost should be reflected as posts rather than general temporary assistance. That is a new function and the Committee comments on it further in its general report. While it does not object to the proposed resource requirements for the Conduct and Discipline Team at UNMIK, the Committee expects that those resources will be used for the intended purpose only and in full compliance with resolution 59/296 (sect. XIV, para. 4 (d)), in which the General Assembly requested the Secretary-General to take into account, inter alia, "full justification of resource requirements, both at Headquarters and in the field, taking into account the specificities of each mission and based on empirical data on the actual number of allegations and cases of sexual exploitation and abuse". Any savings that might arise in the context of addressing that provision of resolution 59/296 should be reflected in the performance report, which should include specific data on the workload of Conduct and Discipline Teams.**

Other observations and recommendations

19. The Advisory Committee notes that the proposed staffing structure of UNMIK provides for the downward reclassification of 3 D-2 posts to the D-1 level (the posts of Chief of Staff, Head of the Liaison Office in Belgrade, and Director of Administration), 1 D-1 (the post of Chief Administrative Services) to the P-5 level, 11 posts from P-4 to P-3 and 1 P-4 to P-2 and to transfer the functions of 4 international posts to national posts. The Committee recalls its previous observation that the slow progress in downward reclassification of posts reflected in the proposed budget for the period 2005/06 (see A/59/736/Add.1, para. 21) and notes the progress achieved by the Mission in that area.

3. Operational costs

<i>Apportioned 2005-2006</i>	<i>Proposed 2006-2007</i>	<i>Variance</i>
\$35 029 700	\$26 852 000	(\$8 177 700)

20. In section II of the proposed budget, table A provides a breakdown of operational costs by budget line. The decrease falls under:

- Facilities and infrastructure (\$2,958,500), due mainly to lower resource requirements resulting from a reduced number of police and civilian personnel
- Ground transportation (\$2,334,700), owing to the fact the Mission will not purchase or replace any vehicles to be written off in order to reduce its fleet of vehicles in view of the overall downsizing of the Mission
- Air transportation (\$1,555,700), owing to the fact that the contract for the fixed-wing aircraft was terminated in May 2005 and will not be replaced
- Communications (\$935,300), other supplies, services and equipment (\$712,200)

- Official travel (\$153,600), owing to the overall reduction in the staffing level of the Mission.

The decrease is somewhat offset by increased requirements under general temporary assistance (\$638,600) owing to the seven temporary positions on the Conduct and Discipline Team (see para. 18 above).

IV. Conclusions

21. The action to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 24 of the performance report (A/60/637, sect. V). **The Advisory Committee recommends that the unencumbered balance of \$128,200 as well as other income/adjustments in the amount of \$10,295,400 for the period ended 30 June 2005 be credited to Member States in a manner to be determined by the General Assembly.**

22. The action to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2006 to 30 June 2007 is indicated in paragraph 27 of the budget report (A/60/684, sect. IV). **The Advisory Committee recommends that the General Assembly appropriate an amount of \$219,207,400 gross for the maintenance of the Mission for the 12-month period from 1 July 2006 to 30 June 2007.**

Documentation

- Performance report on the budget of the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2004 to 30 June 2005 (A/60/637)
- Proposed budget for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2006 to 30 June 2007 (A/60/684)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2003 to 30 June 2004 and proposed budget for the period from 1 July 2005 to 30 June 2006 of the United Nations Interim Administration Mission in Kosovo (A/59/736/Add.1)
- Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo (S/2006/45)
- General Assembly resolutions 58/305 of 18 June 2004 and 59/286 A of 13 June 2005 on the financing of the United Nations Interim Administration Mission in Kosovo
- Security Council resolution 1244 (1999) of 10 June 1999

Annex

Actual expenditures for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2005 to 30 June 2006 as at 28 February 2006

(Thousands of United States dollars)

<i>Category</i>	<i>Apportionment</i>	<i>Expenditures</i>
Military and police personnel		
Military observers	1 398.9	907.8
Military contingents	—	—
Civilian police	54 685.8	40 682.1
Formed police units	10 540.5	9 975.5
Subtotal	66 625.2	51 565.4
Civilian personnel		
International staff	84 928.1	54 099.8
National staff	43 327.4	30 801.2
United Nations Volunteers	9 979.4	5 733.2
Subtotal	138 234.9	90 634.2
Operational costs		
General temporary assistance	93.9	70.9
Government-provided personnel	—	—
Civilian electoral observers	—	—
Consultants	—	117.7
Official travel	1 031.3	890.2
Facilities and infrastructure	14 252.1	8 946.1
Ground transportation	5 425.8	3 292.0
Air transportation	2 376.7	822.4
Naval transportation	—	—
Communications	5 013.6	3 075.6
Information technology	4 162.7	2 728.1
Medical	386.3	1 019.3
Special equipment	55.8	55.8
Other supplies, services and equipment	2 231.5	1 069.7
Quick-impact projects	—	—
Subtotal	35 029.7	22 087.8
Gross requirements	239 889.8	164 287.4

<i>Category</i>	<i>Apportionment</i>	<i>Expenditures</i>
Staff assessment income	20 054.1	10 759.5
Net requirements	219 835.7	153 527.9
Voluntary contributions in kind (budgeted)	—	—
Total requirements	239 889.8	164 287.4
