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Financing of the United Nations Mission in Ethiopia and Eritrea

Final disposition of assets of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Mission in Ethiopia and Eritrea (UNMEE) (A/65/678). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.
2. The mandate of UNMEE was established by the Security Council in its resolutions 1312 (2000) and 1320 (2000), further adjusted in resolution 1430 (2002) and extended in subsequent resolutions. By its resolution 1827 (2008), the Council decided to terminate the mandate of the Mission effective 31 July 2008.
3. By its decision 63/554, the General Assembly approved the proposed donation of assets with an inventory value of \$1,398,500 and a corresponding residual value of \$421,800 to the Government of Ethiopia, and assets with an inventory value of \$6,911,400 and a corresponding residual value of \$1,967,900 to the African Union in support of the African Union Mission in Somalia (see A/63/728).
4. As indicated in the report of the Secretary-General, assets identified for donation to the Government of Eritrea, with an inventory value of \$6,082,100 and a corresponding residual value of \$2,299,300, could not be donated because they were not accepted. By the time the communication was received from the Government, the Mission had already finalized the liquidation process and repatriated its staff and was therefore not in a position to recover the remaining assets, which accordingly were declared abandoned in situ (see A/65/678, para. 5).



II. Final disposition of the assets

5. The report of the Secretary-General provides detailed information on the final disposition of the assets of UNMEE, which had a total inventory value of \$57,034,100 as at 7 December 2010. The Secretary-General indicates that the process of liquidating the assets of UNMEE was guided by the principles and policies contained in regulation 5.14 of the Financial Regulations and Rules of the United Nations. The assets have been categorized into three groups (*ibid.*, table 1).

6. Group I includes assets with an inventory value of \$17,458,700 (30.6 per cent of the total assets value), that have been transferred to other missions or the United Nations Logistics Base at Brindisi, Italy (UNLB), for temporary storage. The Advisory Committee was provided with supplementary information on the assets transferred, including descriptions, quantities, inventory values and a list of the respective missions to which they were transferred. The Advisory Committee notes from table 3 of the report that assets with an inventory value of \$304,300 were transferred to other missions but not acknowledged. Upon enquiry, the Committee was informed that this category included inventory discrepancies, unacknowledged transfers and surplus to missions or UNLB. Of those assets, only one item, a cellular phone with an inventory value of \$82.50 that was supposed to be shipped to UNLB but was never received, represented an unacknowledged transfer.

7. Group II includes assets with an inventory value of \$9,239,000 (16.2 per cent of the total value) comprising assets donated to the Government of Ethiopia and the African Union, as well as assets sold to a United Nations agency and to private companies and individuals on the basis of competitive bidding. The proceeds of the sale, in the amount of \$644,500, were credited to the special account for UNMEE as miscellaneous income (*ibid.*, table 2). In paragraphs 2 and 4 of his report, the Secretary-General explains that the proposed donation of assets to the Government of Ethiopia and to the African Union laid out in his earlier report (A/63/728), had been prepared on the basis of a preliminary assets disposal plan, and that some changes in value had occurred in the process of finalizing and updating the assets inventory during liquidation. Upon enquiry as to why assets with an inventory value of \$237,200 had been sold to the United Nations Development Programme (UNDP) at a nominal value of \$1, the Advisory Committee was informed that the Mission had been prohibited from selling the assets in question — mainly prefabricated structures and air conditioning units that were more than eight years old — on the local market. Since shipping them to UNLB was uneconomical, sale at nominal value to a United Nations agency was determined to be the most cost-effective means of disposal available.

8. Group III includes assets with an inventory value of \$30,336,400 (53.2 per cent of the total value) and a corresponding residual value of \$7,951,500, representing assets that have been written off mainly as a result of accidents; damage caused by natural elements; obsolescence; normal wear and tear; the assets not being accepted by the Government of Eritrea as donation; uneconomical prospects for repair; and loss (see A/65/678, table 3). The Advisory Committee expressed concern about the high percentage of assets in this category and sought clarification as to whether every effort had been made to salvage them before they were written off. The Committee was informed that the majority of the write-offs resulted from normal wear and tear and obsolescence over time, but that disposal

action had been delayed because of the difficult operating conditions during the downsizing period.

9. With regard to the assets that had been abandoned in situ in Eritrea (see para. 4 above), the Committee enquired whether the issue of potential liabilities had been considered and whether the advice of the Office of Legal Affairs had been sought. The Committee was informed that no legal opinion had been requested because UNMEE had already communicated to the host Government in a note verbale dated 17 December 2008, that the Organization would be absolved and indemnified from any future claims arising from assets remaining in locations outside Asmara.

10. In response to an enquiry regarding the status of outstanding claims from vendors or other parties, the Advisory Committee was informed that there were no outstanding claims. There was, however, an amount of \$29,000 that had been set aside for possible payment to a vendor that was expected to resubmit invoices for the shipment of archive documents to Headquarters. The Advisory Committee expects that the outstanding issues with the vendor will be resolved in a timely manner.

11. The Advisory Committee recommends that lessons learned from the liquidation of UNMEE be documented and taken into account, as appropriate, in other liquidating missions.

III. Conclusion

12. The action to be taken by the General Assembly in connection with the financing of UNMEE is contained in paragraph 12 of the report of the Secretary-General (A/65/678). **The Advisory Committee recommends that the General Assembly take note of the report.**
