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Financing of the United Nations Mission of Support in East Timor

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Report of the Secretary-General

Summary

The present report provides details on the final disposition of the assets of the United Nations Mission of Support in East Timor (UNMISET). The inventory value of the Mission's assets as at 21 October 2005 amounted to \$55,251,200, as summarized in the table below. The disposition of the assets has been undertaken in accordance with regulation 5.14 of the Financial Regulations and Rules of the United Nations.

<i>Category</i>	<i>Inventory value (Thousands of United States dollars)</i>	<i>Percentage</i>
Group I: transferred to other missions or for temporary storage to the United Nations Logistics Base at Brindisi	25 902.5	46.9
Group II: disposed of in the Mission area		
Sold	2 385.0	4.3
Donated to the Government of Timor-Leste	22 631.6	41.0
Group III: written off/lost	4 332.1	7.8
Total	55 251.2	100.0

The action to be taken by the General Assembly is to take note of the present report on the final disposition of the assets of UNMISET.

I. Introduction

1. The mandate of the United Nations Mission of Support in East Timor (UNMISSET) was established by the Security Council in its resolution 1410 (2002) of 17 May 2002 and was adjusted and extended by the Council in subsequent resolutions, the last of which was resolution 1573 (2004), by which the Security Council extended the mandate of UNMISSET for a final period of six months until 20 May 2005.

2. It will be recalled that the General Assembly, by its resolution 58/260 A of 23 December 2003, approved the donation of the Mission's assets with a total inventory value of up to \$35,262,900 and a corresponding residual value of up to \$15,879,900 to the Government of Timor-Leste. It will also be recalled that the Advisory Committee on Administrative and Budgetary Questions in its report on the financing of UNMISSET (A/58/409, para. 17) stated that it expected that should there be a continued United Nations presence in Timor-Leste, UNMISSET would adjust its disposal strategy to take into account any support requirements of the new entity.

3. Upon the establishment by the Security Council in its resolution 1599 (2005) of a one-year follow-on special political mission in Timor-Leste, the United Nations Office in Timor-Leste (UNOTIL) and the termination of the mandate of UNMISSET on 20 May 2005, UNMISSET assets with a total inventory value of \$16,987,200 were transferred to UNOTIL, with action on their disposition, including donation to the Government of Timor-Leste, to be taken on the expiration of the mandate of UNOTIL. As a result of the adjustment of the UNMISSET asset disposition plan, the total inventory value of assets donated to the Government of Timor-Leste as at 21 October 2005 amounted to \$22,631,600, with a corresponding residual value of \$9,293,700.

4. Pursuant to a request of the Advisory Committee on Administrative and Budgetary Questions that the legal instrument to be entered into by the United Nations and the Government of Timor-Leste specifically govern the conditions related to the use and final disposal of weapons donated to the Government (A/58/409, para. 18), UNMISSET and the Government of Timor-Leste signed in April 2004 a memorandum of understanding setting out the terms and conditions under which the weapons would be donated to the Government of Timor-Leste for the exclusive use by the National Police of Timor-Leste Training College.

II. Classification and disposition of the assets of the United Nations Mission of Support in East Timor

5. The process of liquidating the assets of UNMISSET was guided by the following principles and policies contained in United Nations financial regulation 5.14:

(a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions;

(b) Equipment not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions, provided that there is a demonstrated need for the equipment;

(c) Equipment not required for current or future peacekeeping operations or other United Nations activities funded from assessed contributions but which may be useful for the operations of other United Nations agencies, international organizations or non-governmental organizations will be sold to such agencies or organizations;

(d) Any equipment or property not required or which it is not feasible to dispose of in accordance with subparagraphs (a), (b) or (c) above or which is in poor condition will be subject to commercial disposal in accordance with the procedures applicable to other United Nations equipment or property;

(e) Any assets which have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. This refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.

6. Based on the inventory records as at 21 October 2005, the inventory value of the assets of UNMISSET amounted to \$55,251,200. Those assets have been grouped into 16 categories of equipment presented in standard peacekeeping operation budgets: prefabricated facilities, refrigeration equipment, generators, water purification equipment, water and septic tanks, accommodation equipment, fuel tanks and pumps, office equipment, security and safety equipment, ground transportation equipment, air transportation equipment, communications equipment, information technology equipment, medical equipment, and observation equipment, as well as miscellaneous equipment.

7. In accordance with the principles and policies recalled in paragraph 5 above, the assets of UNMISSET have been placed into three groups, as summarized in table 1.

Table 1
**Summary of the final disposition of assets of the United Nations
Mission of Support in East Timor**

(Thousands of United States dollars)

<i>Category</i>	<i>Inventory value</i>
Group I: transferred to other missions or for temporary storage to the United Nations Logistics Base at Brindisi	25 902.5
Group II: disposed of in the Mission area	
Sold	2 385.0
Donated to the Government of Timor-Leste ^a	22 631.6
Group III: written off/lost	
Written off	3 927.5
Lost	404.6
Total	55 251.2

^a Includes weapons with inventory value of \$107,300 and corresponding residual value of \$57,600.

8. Group I includes assets identified as meeting the requirements of peacekeeping operations or United Nations activities funded from assessed contributions. The items in this group, with an inventory value of \$25,902,500 (46.9 per cent of total asset value), have been transferred to UNOTIL, other United Nations missions and the United Nations Logistics Base at Brindisi, Italy, for temporary storage pending future use.

9. Group II consists of assets disposed of locally with an inventory value of \$25,016,600 representing 45.3 per cent of the total inventory value of UNMISSET assets. It includes assets donated to the Government of Timor-Leste with an inventory value of \$22,631,600 (41 per cent of the total) and a corresponding residual value of \$9,293,700. Assets with an inventory value of \$2,385,000 (4.3 per cent of the total) were sold at a depreciated value to the United Nations Development Programme, the World Food Programme and the Government of Timor-Leste and to private companies and individuals on the basis of competitive bidding. The amount of \$533,100, representing the proceeds of sale, was credited as miscellaneous income to the Special Account for UNMISSET (see table 2).

Table 2

Sale of assets of the United Nation Mission of Support in East Timor

(Thousands of United States dollars)

<i>Sold to</i>	<i>Inventory value</i>	<i>Sale value</i>
United Nations programmes	292.0	143.3
Government entities	303.4	180.7
Private enterprises and entities	1 493.4	192.5
Third-party individuals	295.2	16.0
Others ^a	1.0	0.6
Total	2 385.0	533.1

^a General-purpose tools sold to an UNMISSET military contingent.

10. The inventory value of assets in group III totals \$4,332,100, representing 7.8 per cent of the total inventory value of assets and a corresponding residual value of \$1,903,100. These assets have been written off as a result of accidents, damage caused by natural elements, obsolescence, normal wear and tear, being uneconomical to repair and loss. Information on all written-off items is summarized in table 3.

Table 3
**Written-off United Nations property reported by the United Nations
 Mission of Support in East Timor**

(Thousands of United States dollars)

<i>Category</i>	<i>Inventory value</i>	<i>Residual value</i>
Obsolescence	862.1	391.2
Normal wear and tear	2 417.1	1 024.6
Accident	342.6	160.2
Damage	130.7	66.7
Uneconomical to repair	175.0	69.6
Loss	404.6	190.8
Total	4 332.1	1 903.1

III. Action to be taken by the General Assembly

11. **The action to be taken by the General Assembly is to take note of the present report on the final disposition of assets of UNMISSET.**