

Issue Brief

Peacekeeping Reimbursements: Key Topics for the Next COE Working Group

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In preparation for the first meeting in three years of the United Nations Contingent-Owned Equipment System (COE) Working Group, which takes place in January 2014, this brief analyzes the key issues under discussion and explains the procedural challenges ahead.

Introduction

With UN peacekeeping operating in more complex environments and taking on new tasks, peacekeepers need appropriate equipment to carry out their mandates. A central aspect to equipping peacekeepers is ensuring that member states are appropriately reimbursed for their contributions under a equipment reimbursement system, called the Contingent-Owned Equipment System (COE). Every three years the United Nations conducts a meeting to negotiate the terms and conditions of the financial reimbursements paid to member states for the equipment they provide to UN peacekeeping operations. Preparations and briefings to member states are already underway in New York for the next COE Working Group meeting, to be held January 20–31, 2014. With 98,311 military and police deployed with their related equipment in seventeen missions around the world, the financial implications of these tri-annual discussions can be significant.¹ In MONUSCO alone, the mission's annual budget for reimbursements to troop-contributing and police-contributing countries for major equipment and self-sustainment in the fiscal years 2008/09, 2009/10, and 2010/11 were \$144 million, \$160 million, and \$180 million, respectively.²

While most of the COE Working Group's negotiations focus on very technical aspects of reimbursement for equipment, there are several reoccurring issues, which may have wider implications for UN peacekeeping policy and the UN peacekeeping budget. This issue brief will highlight three of these:

- environmental compliance;
- equipment rotation costs; and
- change in mission factors.

With the polarization among member states witnessed over the past few years in the UN General Assembly's Fifth Committee (which has responsibilities for administrative and budgetary matters) and the Special Committee on Peacekeeping Operations, the upcoming COE Working Group negotiations

1 UN Department of Peacekeeping Operations, "UN Missions Summary of Military and Police," available at www.un.org/en/peacekeeping/contributors/2013/oct13_6.pdf.

2 US State Department, "Assignment Number: AP/2011/620/02—Audit of Contingent-Owned Equipment (COE) in MONUSCO," available at <http://usun.state.gov/documents/organization/177858.pdf>.

present a valuable opportunity for member states to find common ground. Several pressing problems with regard to the Working Group's process, however, threaten to complicate the negotiations of member states during the upcoming session. The third section of this brief highlights some of those potential problem areas.

Background on The Contingent-Owned Equipment System

Following a report in 1994 to the General Assembly,³ the secretary-general indicated that the procedures for determining reimbursement to member states for COE had become overly cumbersome, both for the United Nations and contributing countries. In 1996, the General Assembly authorized the implementation of new procedures for determining reimbursement to member states for their contributions to peacekeeping missions.

The COE system was adopted by the UN to simplify the means by which countries are reimbursed for providing equipment, personnel, and self-sustainment support services to formed military or police contingents in peacekeeping missions. The basic principles of the COE system were simplicity, accountability, and financial management and control.⁴ A memorandum of understanding (MOU) between the UN and the troop- or police-contributing country is established for every formed military or police unit deployed to a peacekeeping mission. The MOU details the major equipment, self-sustainment services, and personnel that the contributing country is asked to deploy, and for which it is entitled to be financially reimbursed.

As a key element in the wider COE system, the COE Working Group meets to discuss major equipment, self-sustainment, and medical support services. It aims to adopt by consensus a set of recommendations submitted in a report to the Fifth Committee within the same session of the General Assembly (normally May/June), so that

the new reimbursement rates can be revised in the COE manual and can come into effect by the new fiscal year starting on July 1st. The recommendations are drawn from discussions of issue papers put forward by a member state, with endorsement from at least one other state. In 2011, the COE Working Group was presented with forty-five issue papers, grouped into three sub-working groups for consideration. Seven papers were subsequently withdrawn during the deliberations by their originators. After roughly two weeks of negotiation, changes agreed to by consensus during the 2011 COE Working Group were then included into the COE manual, such as the inclusion of reimbursement rates for two types of police vehicles and a requirement that all newly deployed commercial vehicles brought to new or existing missions must be equipped with standard seat belts.

Upcoming Issues

At present, approximately twenty-eight issue papers are expected to be submitted to the upcoming COE Working Group, with some papers overlapping on the same issue. Five of the twelve UN Secretariat-initiated issue papers will seek to address broader themes in the Secretariat's agenda, such as capability gaps, environmental compliance, and interoperability. Of all the issue papers currently slated for consideration, both originating from member states or from the Secretariat, there are three issues that clearly fall within the ambit of the COE Working Group that could have wider implications on UN peacekeeping: environmental compliance, equipment rotation, and change in mission factors.

ENVIRONMENTAL COMPLIANCE

In 2009, the UN Department for Peacekeeping Operations (DPKO) and the Department for Field Support (DFS) adopted an environmental policy for UN field missions to establish a series of minimum operating standards and requirements for each mission to adopt environmental objectives and control measures. In 2011, an issue paper was put forward for member state consideration at the

³ UN General Assembly Resolution 47/218 (March 4, 1997), UN Doc. A/RES/47/218.

⁴ United Nations, "Letter Dated 25 February 2011 from the Chair of the 2011 Working Group on Contingent-Owned Equipment to the Chair of the Fifth Committee," UN Doc. A/C.5/65/16, March 2, 2011, para. 2.

COE Working Group. However, the working group considered the paper “too policy-driven” and agreed that the issues of environmental compliance and waste management would instead be better addressed by the Special Committee on Peacekeeping Operations.⁵ Since then, DPKO/DFS partnered with United Nations Environment Programme to release a paper in 2012 titled *Greening the Blue Helmets: Environment, Natural Resources, and UN Peacekeeping Operations*. The paper identifies environmental measures that “apply to the actions of personnel and some to equipment, vehicles and infrastructure.”⁶ It also states that “in addition to implementing the environmental policy, some missions realized that reducing their environmental impact also protects the health and safety of staff and local communities and reduces conflicts with host communities.”⁷

For the upcoming COE Working Group meeting, it may be possible to reach member state consensus on an issue paper focused on fuel efficiency as part of the UN’s wider environmental compliance efforts. The COE manual could be amended to include an additional category of reimbursement at a higher rate for the provision of fuel-efficient equipment, in effect creating an additional incentive for individual member states to provide newer and ultimately more cost-effective equipment, including vehicles and generators. Discussions at the upcoming COE Working Group may be complicated by the fact that fuel generators are presently only reimbursed on the basis of their capacity classification and that member states may also wish to consider applying the notion of higher reimbursements for fuel-efficient equipment across the board, or at least to other select equipment.⁸ A higher rate of reimbursement for fuel efficiency also creates a collective benefit. Fuel is a substantial cost for UN peacekeeping missions, with missions relying almost exclusively on petrol and diesel for generators and vehicles.⁹ This cost is ultimately paid for by member states, which bear a collective responsibility to pay the UN peacekeeping budget.

EQUIPMENT ROTATION

UN peacekeeping missions are not typically equipped with new, high-tech equipment. At present, troop and police contributors are responsible for rotating their equipment at their own expense in the event of an overhaul or major repair. As peacekeeping missions are generally located in volatile and remote locations, the logistical organization and cost of rotation can be quite high and onerous for troop contributors, which means that equipment rotation is often neglected or postponed indefinitely.

Thus, the possibility of changing the system so that equipment rotation is done at the expense of the UN has once again been raised by several member states for the upcoming COE Working Group negotiations. The high potential cost of such an ongoing initiative means that the top financial contributors may not be inclined to agree to such a proposal within the context of a fiscally-constrained environment.

Some member states have suggested that the UN should pay to rotate equipment if it is found to be unserviceable after a certain number of years of deployment. The adoption of any such provision into the COE system would need to take into consideration other COE reimbursement factors and existing arrangements, including estimations on the useful life of equipment, as well as the transportation and maintenance factors for which reimbursements are already being received. A clear concern would be that member states are not neglecting equipment maintenance and serviceability agreements in order to wait for equipment to be rotated at the UN’s expense.

MISSION FACTORS

Where the extreme operating conditions in UN peacekeeping missions impose significant, additional hardship, member states are compensated through adjustments to the standard reimbursement rates for major equipment and self-sustainment. There are presently four categories for compensatory adjustment, which may be

5 Ibid., para. 69.

6 United Nations Environment Programme, “Greening the Blue Helmets: Environment, Natural Resources and UN Peacekeeping Operations,” p. 18, available at http://postconflict.unep.ch/publications/UNEP_greening_blue_helmets.pdf.

7 Ibid.

8 United Nations Department of Peacekeeping Operations, “Contingent-Owned Equipment Manual,” Chapter 8, available at www.un.org/en/peacekeeping/sites/coe/referencedocuments/COE_manual_2011.pdf.

9 United Nations Environment Programme, “Greening the Blue Helmets: Environment, Natural Resources and UN Peacekeeping Operations,” p. 27.

applied concurrently to a mission or to certain areas in which the mission operates:

1. **Environmental:** the terrain, climate, and road conditions in the mission area. Compensation must not exceed 5 percent of the reimbursement rates for major equipment and self-sustainment.
2. **Operational Intensity:** length of logistics chains, size of area of operations, and infrastructure. Compensation must not exceed 5 percent of the reimbursement rates for major equipment and self-sustainment.
3. **Hostile Action/Forced Abandonment:** criminal activity, hostile environment, mines, etc. Compensation must not exceed 5 percent of the reimbursement rates for major equipment and self-sustainment.
4. **Potential hostile engagement** by unidentified factions or by individual or groups other than peace process participants: Compensation must not exceed 5 percent of the reimbursement rates for self-sustainment and the spare parts element (or half of the maintenance rate) included in the wet-lease rate.

The applicable mission factors are determined by a technical survey team at the mission start-up phase, and are then submitted to the military/police adviser and the under-secretary-general for field support for review and approval. A member state is able to request a review of the mission factors, subject to a change in the prevailing conditions in the mission area. The assessment of various mission factors is guided by a decision-sheet calculator contained in the COE Manual in which the evaluators base their assessment on their “military experience and common judgment.”¹⁰

Operating in an increasingly complex security environment, UN peacekeepers are now exposed to threats from more diverse sources. Although the percentage ceiling is 5 percent of reimbursement rates, no mission factors in any category have exceeded 3.8 percent.¹¹ Despite this, one suggestion for consideration by the upcoming COE Working Group is an across-the-board increase in the percentage ceiling of the mission factors as well as

several other suggestions involving a review of the methodology for calculation and application of mission factors. Obviously, the key financial contributors will have concerns with an increase in the percentage of the mission factor reimbursements, and will also need to ensure that any reimbursement is clearly distinguished from other risk premiums that member states receive. However, this increase would cost less than the proposal to pay for equipment rotations and could be used as a tradeoff for agreement on the fuel savings proposal.

Procedural Challenges

There are several pressing problems in the processes and operations of the Working Group that resulted in “fruitless and lengthy” negotiations, according to the COE report in 2011, and that threaten to resurface during the upcoming COE Working Group. The first is a lack of uniform technical expertise among the member states. The COE Working Group discussions require a detailed understanding of UN peacekeeping missions, finance, and military equipment. As the COE Working Group meets only every three years, member state representatives from the permanent missions are usually either on the way out from their posting to New York, or on their way in. Institutional knowledge and continuity for some states therefore does not necessarily exist, and member states do not effectively utilize the COE experts based in peacekeeping operations. The UN Secretariat uses precious negotiating time during the COE Working Group to provide an overview of the existing COE system, as well as briefings in the lead up to the negotiations. This year, the UN Secretariat has provided more briefings than it has in previous years, in an effort to better prepare member states, but the knowledge gap among member states could still be problematic.

The second challenge facing the COE Working Group is a lack of structure. The COE Working Group does not follow a formal structure and the UN Secretariat’s role is not well-defined. There is no one area within the UN Secretariat responsible for COE Working Group negotiation oversight,

10 United Nations Department of Peacekeeping Operations, “Contingent-Owned Equipment Manual,” Annex A.

11 United Nations, “Letter Dated 25 February 2011 from the Chair of the 2011 Working Group on Contingent-Owned Equipment to the Chair of the Fifth Committee,” p. 219.

and each year member states must decide anew how the working group will be organized. A flexible structure may allow the Working Group to adjust to changing circumstances, but it also means that representatives do not necessarily know what to expect and are limited in their ability to prepare. The 2011 COE report suggested the establishment of “a permanent bureau of the Working Group, which would provide additional advice, guidance and support to the Secretariat and to member states in preparation for subsequent Working Group sessions.” This time around, the UN Secretariat has sought to include an outline for the structure of the COE Working Group, but member states are not required to follow the suggested structure.

Lastly, the lack of terms of reference has also proved problematic for the COE Working Group, and confusion for the 2014 working group discussions is likely being fueled by several key developments over the last year in New York. The 2011 COE Working Group was of the view that a procedure should be established by member states to better guide the Secretariat in the preparation for Working Group sessions, including deciding which topics should and should not fall under the responsibility of the Working Group, and decisions made in advance on what may or may not be included in the agenda.¹² A predominant part of the discussions in 2011 focused on troop reimbursements rates, with no consensus achieved on whether the COE Working Group had jurisdiction on the issue. Since

then, however, a senior advisory group was established by the UN General Assembly to consider this issue, which issued a report in December 2012, recommending a new system for determining troop rates. Despite the subsequent endorsement of the recommendations by the General Assembly, several member states have proposed issue papers for the 2014 COE Working Group that relate to troop reimbursement. Some fear this may lead to renewed discussion of such issues on the agenda. While it would be helpful to establish agreement in advance on the COE Working Group’s exact agenda, this is unlikely without a permanent bureau.

Conclusion

The Contingent-Owned Equipment System is a vital component of deployed peacekeeping units. In order to ensure that peacekeepers are well equipped, member states need to be appropriately reimbursed under the COE system. A predictable and better functioning COE Working Group this January is crucial to balancing member states’ expected results from the upcoming negotiations. The COE Working Group presents an opportunity for member states to find common ground on very technical aspects of the equipment reimbursement issues, as well as tackle several recurring issues that could then have wider implications for peacekeeping and the UN Peacekeeping budget.

¹² United Nations Department of Peacekeeping Operations, “Contingent-Owned Equipment Manual.”

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