INDIA

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DAMAGE REIMBURSEMENT CRITERIA ON ALL DAMAGES BY UN - OPERATIONAL EFFICIENCY BASED IN LIEU OF 10% LIMIT FACTOR

1. ISSUE PAPER THEME

Major Equipment

2. SUMMARY / BACKGROUND / PREVIOUS HISTORY

The current COE policy limits reimbursement for damage to contingent owned equipment only if the cost of repairs exceeds 10% of the generic fair market value. However, practical challenges in field missions have highlighted that even sub-10% damage, such as critical part failure in high-mobility vehicles or generators, can render essential mission equipment partially or wholly non-functional, directly affecting mandate execution. Despite this, such incidents remain non-compensable under current rules. This fixed threshold does not account for the operational impact of minor damages, which may significantly impair mission capability. This provision, though administratively straightforward, overlooks mission realities where even minor damages below the threshold can critically degrade operational capability. It is proposed that the eligibility for damage-related reimbursement be assessed on a case-by-case basis, considering the impact on operational efficiency, rather than a rigid 10% damage threshold.

3. DETAILED PROPOSAL

(a) The 10% damage threshold standard stems from earlier Working Group recommendations and has been consistently upheld across COE Manuals (e.g., A/C.5/52/39, para 68(c)). It is proposed that, the UN review its current policy on the reimbursement ceiling under wet lease arrangements and remove the rigid 10% damage threshold as a sole criterion for reimbursement eligibility.

(b) Introduce a mission impact-based assessment model wherein any equipment damage, irrespective of percentage, may be claimed if it causes partial or total impairment to its intended operational role. Therefore, reimbursement should be considered based on the operational impact and criticality of the equipment's functionality, rather than a strict cost-based threshold.

(c) Claims are to be reviewed on a case-by-case basis by UN HQ, based on operational necessity, performance degradation, and evidence submitted by the contingent. Field mission leadership and inspection teams (e.g., Force HQ logistics staff or COE inspectors) should provide technical and operational endorsement of claims. This model should co-exist with the 10% cap, which may still be used for standard claims processing where applicable, but should not be a limiting factor.

(d) This ensures sustained serviceability, better operational performance, and a fair compensation model for Troop Contributing Countries (TCCs). Additionally, acknowledging such cases promotes better accountability, documentation and encourages continued high-quality participation by TCCs.

4. FINANCIAL IMPLICATIONS

While the proposed change may lead to a slight increase in reimbursable claims, it ensures more just and operationally sound compensation. It incentivizes timely repairs and readiness, and prevents avoidable operational delays due to rigid reimbursement policies. The financial impact can be regulated through case-by-case UN HQ approval, preventing abuse.

(a) This form of temporary reimbursement should be provided to the TCC for the following situations/ reasons: -

(i) Operational usage cost incurred while using the equipment in the mission.

(ii) Procurement and deployment cost incurred in procurement, transportation and initial deployment of the equipment in the mission area.

(iii) Cost of consumables such as batteries, fuel, generators etc.

(iv) Maintenance & repair allowance based on life cycle and wear & tear.

(b) To prevent overuse or misappropriation and preserve the integrity of the UN reimbursement framework, certain control measures and reimbursement caps can be used. There can be a fixed daily cap per equipment, time-based cap which limits the number of days per incident that can be claimed, asset logs to be maintained for the COE inspection. This can further be ensured by following control mechanisms such as proper reporting format, UN FHQ validation, Quarterly audit, Pre deployment disclosure, and usage limitation cost.

5. PROPOSED 2026 COE MANUAL TEXT

To be added in Chapter 6 of COE Manual. "PROCEDURES FOR REIMBURSEMENT FOR LOSS OR DAMAGE TO CONTINGENT OWNED EQUIPMENT":

"In addition to the existing provision of reimbursement for damages exceeding 10% of generic fair market value, troop/ police contributors may submit claims for damages below the threshold where the impairment of equipment critically affects operational efficiency. Such claims must be substantiated with technical documentation, operational assessment by field mission leadership and justification of mission impact. These claims will be reviewed and approved on a case by case basis by the United Nations Headquarters. Reimbursement may be processed in full or part depending on the findings."