

SECRETARIAT

POLICY ON LOSS AND DAMAGE FOR HOSTILE ACTION / FORCED ABANDONMENT - AREA OF COVERAGE

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1. ISSUE PAPER THEME: Major Equipment & Self-sustainment

2. SUMMARY / BACKGROUND / PREVIOUS HISTORY

The rapid drawdown and liquidation of the Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) and its complex operating environment highlighted several grey policy areas in loss and damage reimbursement eligibility for contingent-owned equipment (COE). One concern identified is that the COE Manual does not clearly define where eligibility for reimbursement under Policy 1 on “loss and damage due to hostile action or forced abandonment” ends, and eligibility for Policy 2 for “loss and damage in transit” applies for incidents of loss and damage to COE due to hostile action while in transit.

The two policies have different thresholds and procedures for determining eligibility and reimbursement. Under the loss and damage in transit policy, only damage above the 10% (of GFMV value) threshold is considered for reimbursement, whilst for hostile action or forced abandonment, the minimum thresholds of \$80k for an individual incident loss and \$250k for multiple/cumulative losses over a budget year apply. Insurance is also a significant factor. Equipment transported under the care of a UN will typically be insured by the UN for loss and damage during transit from the point of embarkation to the main port of disembarkation (or border crossing into mission area) and will fall under relevant insurance policies during the strategic transit. In contrast, equipment transiting within the mission area of operations may move without insurance, depending on the conflict context and transport providers. Instead, the UN reimburses T/PCCs for the additional risk of loss through the hostile action or forced abandonment mission factor.

The proposal has not previously been considered by the Contingent-Owned Equipment Working Group.

3. DETAILED PROPOSAL

To address this policy grey area, the Secretariat proposes using the official mission area as the point of delineation for the two policies. I.e. incidents of loss and damage to COE in transit due to hostile action or forced abandonment within the mission area will be treated under the loss and damage and hostile action or forced abandonment policy, and incidents of loss and damage to COE in transit due to hostile action or forced abandonment outside the mission area will be treated under the loss and damage in transit policy.

In considering how to frame this delineation of the hostile action/forced abandonment, loss and damage policy, the Secretariat notes that the related hostile action or forced abandonment mission factor is calculated and paid to T/PCCs based on the risk conditions within each mission area. The intent of this factor is to compensate T/PCCs for the additional risk of hostile action or loss and damage within the relevant mission area, including compensation towards loss and damage which fall under the hostile action/forced abandonment policy threshold (\$80k for a single event or \$250k for multiple events over a budget year).

Consequently, there is a direct logic in associating Policy 1 on **loss and damage and hostile action/forced abandonment** only with events occurring *within the mission area*. Examples of this type of scenario are included below:

- **Example 1.** A T/PCC unit is engaged in conflict and loses COE to loss and damage by armed actors whilst on operations within the mission area.
- **Example 2.** A UN-arranged convoy carrying T/PCC COE is attacked/looted while moving within the mission area.

For all events occurring *outside the mission area*, Policy 2 on **loss and damage in transit** should apply. Examples of this type of scenario are included below:

- **Example 1.** The UN is deploying T/PCC equipment to a Mission. The sub-contracted sea vessel is attacked by armed elements outside the mission area, and COE is lost/damaged.
- **Example 2.** The UN is deploying T/PCC equipment to a Mission Area. The sub-contracted road transporter is attacked en route from the third-country seaport to the border crossing, outside the mission area, and COE is lost/damaged.

4. FINANCIAL IMPLICATIONS

No financial implications as it is aligned with the existing policy.

5. PROPOSED 2026 COE MANUAL TEXT

It is recommended that the COE Manual policies, procedures, and thresholds for loss and damage due to hostile action or forced abandonment are delineated to apply only to incidents within the mission area, while incidents outside the mission area are treated as loss and damage in transit.

To this effect, a new paragraph 17 is proposed to be added in Chapter 6, Section IV, Hostile action or forced abandonment, p. 159/281. Add text in bold and revise the subsequent para numbering:

17. The procedures, thresholds and policies applicable to loss and damage due to hostile action or forced abandonment as outlined in paras 7-16 apply to incidents within the designated mission area, including COE under UN transport arrangements. All other incidents of loss & damage occurring outside the mission area (including those caused by hostile action) will be treated under the provisions of loss and damage in transit policy.

Additional text, in bold, is proposed for paragraph 4, Chapter 6, Section II. Loss, damage or injury in transit, p. 157/281, to clarify the eligibility for hostile action events during transit.

4. Liability for loss or damage during transportation will be assumed by the party arranging the transportation. Transportation means all transportation arrangements along the consignment route arranged by the United Nations **and include incidents of hostile action or forced abandonment within the mission area.**