

## THE UNITED STATES OF AMERICA

# LINKING C.O.E. REIMBURSEMENT TO VEHICLE USAGE AND READINESS

### 1. ISSUE PAPER THEME: Major Equipment

## 2. SUMMARY / BACKGROUND

This issue paper recommends the addition of provisions to the COE Manual that establish a clear reimbursement scheme to incentivize vehicle usage toward operational objectives. To ensure COE is used for its intended purpose and increase transparency and accountability of UN funds, the manual should link reimbursement to usage, not just to serviceability.

Currently, the COE manual contemplates reimbursing TCCs for maintenance costs provided the TCC sustains vehicle operational readiness rates of 90%, without a requirement to demonstrate vehicle usage towards operational objectives. Because vehicle usage is not reimbursable to TCCs under the current COE Manual, TCCs may limit the use of their vehicles to ensure that vehicles remain operationally ready, e.g. not damaged. To encourage TCCs to use the vehicles they bring to mission, the Manual should reimburse TCCs for actual vehicle usage, subject to the UN-standard 90% operational readiness rate.

## 3. DETAILED PROPOSAL

TCCs provide necessary COE to UN peacekeeping missions in accordance with the mission-specific Memorandum of Understanding (MOU). The MOU is a legally binding bilateral agreement between the UN and the TCC's National Leadership that details the specific quantities and types of personnel, equipment, vehicles, and/or service capabilities the TCC will provide to the UN to carry out a given UN peacekeeping operation. The terms of major equipment reimbursement, under either a wet or dry lease arrangement (Chapter 2, Section III), are included in the final MOU at Annex B (Chapter 9, Model Memorandum of Understanding). The UN will reimburse the TCC for COE maintenance (termed "serviceability") if the TCC maintains an OR rate of at least 90%. If serviceability falls below 90% or if the TCC does not provide the quantity and type of vehicle indicated in the MOU, the UN reduces the reimbursement amount. (Chapter 8, Section II). As it currently stands, however, there is no provision in the reimbursement terms that links reimbursement rate to usage during deployment.

This failure to link reimbursement to vehicle usage may result in reimbursement for vehicles that are not used in the field and may not be needed. Senior leadership at individual missions have suggested that units deploy to a UN peacekeeping operation and purposefully avoid using their COE. Instead, they overly rely on local equipment, which endangers the mission's effectiveness and exposes soldiers to greater risks by using vehicles which they are not trained to operate, do not know safety status of, and/or cannot attest to the maintenance status. Even though (and because) it was not used, the COE is serviceable, so the UN authorizes reimbursement to the TCC. The serviceability criteria on its own cannot guarantee that the COE is used sufficiently to permit reimbursement, so there is a need to mitigate this problem in the upcoming Manual.

Under the current system, the UN is responsible for verifying that "the terms and conditions of the bilateral memorandum of understanding have been met, and to take corrective action when required" (Chapter 9, Annex

B, Section III). The Force Commander is responsible for ensuring that TCCs adhere to the proper procedures and uphold the integrity of inspections (Chapter 10, Section II, B. 30). The COE units conduct arrival, operational, periodic, and repatriation inspections. Leveraging this existing system, COE usage should be examined alongside serviceability by documenting odometer readings during inspection and cross-referencing it with the Vehicle Equipment Record. Additionally, an odometer-reading column should be added to the verification reports. If TCCs routinely do not use vehicles as stipulated in the MOU, the Director of Mission Support should be contacted to initiate a review of odometer readings, serviceability status, and verification reports to determine if misrepresentation occurred and whether additional steps need to be taken. The process to resolve discrepancies should start at the lowest level with consultative discussions with the TCC, and ultimately could result in an adjusted or rescinded reimbursement rate. (Chapter 2, Section IX, and X; Chapter 3, II, IV, and VII). Finally, the reimbursement rate formula stipulated in the 2020 Manual should be updated to include actual mileage based on recorded odometer readings as an independent variable (Chapter 8, Section II).

## 4. PROPOSED MANUAL TEXT

[Recommended additions or replacements have been noted in **bold underline**, while proposed deletions have been struck through]

*Chapter 2, Annex A*

**38. Usage rate: The rate to compensate the Government for vehicle usage toward the achievement of operational objectives, comprised of actual mileage as recorded by periodic odometer readings multiplied by a mileage factor derived from National Cost Data. This rate applies to both the “dry lease” and the “wet lease” rate.**

*Chapter 3, Section III, paragraph 4*

4. The United Nations, in conjunction with the respective contingents or delegated authority designated by the troop/police contributor, is responsible for ensuring that the equipment and services provided by troop/police contributors meet the requirements of the peacekeeping operations and are provided in accordance with the memorandum of understanding. **The troop/police contributor is responsible for documenting use of the contingent-owned equipment toward the achievement of mission objectives.** In order to do so, ...”

*Chapter 3, Annex A, paragraph 34*

34. Commercial pattern vehicles are defined as those vehicles which are readily available from a commercial source. Effective 1 July 2011, all newly deployed commercial vehicles brought to new and existing missions must be equipped with standard seat belts. **Effective immediately, all newly deployed commercial vehicles brought to new and existing missions must be equipped with functioning odometers.** The cost will be borne by the troop/police contributor. Troop/police contributors are encouraged to install standard seat belts **and functioning odometers** for already deployed commercial vehicles. This option should not be mandatory and the costs will be borne by the country, **but usage reimbursement will only be provided for vehicle use validated by functioning odometer readings.**

*Chapter 8, Section II, paragraph 6*

6. The monthly dry lease rate is calculated as follows, except for generators provided under the ISO 8528 standard:

$$GFMV / (\text{estimated useful life}/12) + (GFMV \times \text{no fault incident factor})/12 + \text{usage factor} \times \text{actual mileage}$$