

## Peacekeeping Operations

[The following three selections address one of the principal U.S. security assistance programs, "Peacekeeping Operations." The first selection is an excerpt from the *Congressional Presentation for Security Assistance Programs, Fiscal Year 1987*, Volume 1, page 76. It is followed by two statements presented in congressional testimony on March 20, 1986 before the Subcommittee on Foreign Operations of the House Committee on Appropriations and published in Part 4 of the *Hearings* of that Subcommittee, "Foreign Assistance and Related Program Appropriations for 1987," pp. 685-689 and 691-694.]

### I. Congressional Presentation for Security Assistance Programs, Fiscal Year 1987.

The Foreign Assistance Act of 1961, Part II, Chapter 6, as amended, authorizes assistance to friendly countries and international organizations for peacekeeping operations which further U.S. national security interests. The United Nations Force in Cyprus (UNFICYP) and the Multinational Force and Observers (MFO) in the Sinai are two such international organizations. We are requesting \$39.0 million in FY 1987 in support of both the UNFICYP and the MFO.

**The United Nations Force in Cyprus** - Our request for UNFICYP is \$9.0 million, the same as last year. The force has 2,347 military and civilian personnel stationed in Cyprus. Six Western European countries and Canada contribute troops; Australia and Sweden provide civilian police. The U.N.-estimated cost of maintaining UNFICYP for the second half of 1985 was \$50.3 million, of which \$36.3 million was absorbed by the troop-contributing countries. The Force's deficit from previous years, however, is \$122.2 million. The United States continues to try to reduce this figure in various ways, including urging contributions from non-contributing U.N. members and seeking means to reduce operating costs.

**Multinational Force and Observers** - The mission of the MFO, an independent international organization, is to implement the security arrangements envisioned for the U.N. in the 1979 Egyptian-Israeli Peace Treaty. Egypt and Israel established the MFO in August 1981 by a protocol to the peace treaty after it became evident that the U.N. would be unable to participate. The U.S. witnessed the protocol, and Congress authorized U.S. participation in PL 97-132.

The MFO Director General is a retired U.S. State Department official. A Norwegian general commands the MFO's approximately 2,600-troop peacekeeping force and observers in the Sinai. Ten countries--Australia (to be replaced by Canada in early 1986), Colombia, Fiji, France, Italy, the Netherlands, New Zealand, the United Kingdom, the U.S., and Uruguay--contribute various infantry battalions and specialized support units. The 1,200-troop U.S. contingent includes an infantry battalion task force, a logistics support element and a group of officers for the force commander's staff. All of the civilian observers are American. In addition to troops, the U.S. also agreed to contribute one-third of the annual operating expenses of the MFO. The remaining two-thirds are contributed equally by Egypt and Israel.

To limit costs, MFO Headquarters has employed tight management procedures, resulting each year in consistently lower outlays than projected. Surplus funds have

been used to reduce assessments for the following year. The U.S. share of the MFO surplus in FY 1984 was \$12.0 million, and in FY 1985 it was \$6.7 million. These surpluses were used to reduce our contributions in FY 1985 and FY 1986 respectively. The MFO has reduced its budget from \$105.0 million in FY 1985 to \$90.0 million in FY 1986 and FY 1987, which should substantially close the gap between the budget estimate and the expenditures. The MFO's assessment on the U.S. for FY 1987, and our budget request, is \$30.0 million.

## **II. Statement of Wendy Chamberlin, Acting Director, Regional Affairs Directorate, Near Eastern and South Asian Affairs, Bureau, U.S. Department of State.**

Mr. Chairman [Representative David R. Obey, Dem., Wisconsin], Members of the Committee, we appreciate the support we have received from Congress for the U.S. contributions to the Multinational Force and Observers (MFO), an international peacekeeping force which monitors the security arrangements of the Egyptian-Israeli Peace Treaty. The MFO was established in 1981 when it became apparent the United Nations would not be able to participate as envisioned by the Peace Treaty. Israel and Egypt signed the protocol establishing the Force in August, 1981, and Congress approved U.S. participation in December 1981. U.S. participation in, and financial contribution to the MFO are authorized by Public Law 97-132.

The MFO continues to play a key role in the maintenance of the peaceful situation between Israel and Egypt. Both countries remain firmly committed to the treaty--so far the only peace treaty between Israel and an Arab partner--and support the valuable work of the MFO. The organization functions as a crucial confidence building element in that it provides a neutral presence and verification mechanism. The civilian observers monitor compliance with the limited-force provisions of the treaty throughout the Sinai and in a narrow strip of Israel adjacent to the border with Egypt. The ten-nation force which comprises the military component of the MFO maintains checkpoints and observation posts and conducts patrols in a portion of the Sinai which runs along the international border from the Mediterranean Sea in the north to Sharm El-Sheikh in the south.

The MFO is unique among peacekeeping organizations because its beneficiaries provide the bulk of its operating expenses. Israel and Egypt each contribute one third of MFO costs while the United States provides the final one third. In addition, we send almost 1200 of the approximately 2600 troops in the force. The MFO reimburses the U.S. for expenses of our troops over and above those costs that would have been incurred if the troops had been assigned in the U.S. The MFO also pays for supplies and equipment that is obtained from us.

The MFO has done a remarkable job over the last three years in holding down expenses. By exercising stringent cost control and with the aid of lower inflation rates, operating expenses in fiscal years 83, 84, and 85 were \$89.7, \$77.1, and \$85.8 million respectively.

MFO policy is to use tight management procedures rather than the budget as the primary mechanism for control expenses. This approach avoids a year-end spending spree. Rather than merely increasing year-end expenditures to justify a large budget, the MFO strictly controls expenditures thereby creating a budget surplus which it uses to reduce its funding request in the next fiscal year. In FY 86 for example, Israel, Egypt and the U.S. were each assessed \$30 million for a total budget of \$90 million. After about \$20 million in total interest income and carryovers from FY 1985 were

used to offset obligations for the three donors, the actual monies each government transferred to the MFO amounted to only \$23.2 million.

At the same time, at our urging, the MFO has been reducing its budget estimates to take into account lower rates of inflation and its greater experience with what it costs to do its job. Budgets of the first few years of operation were principally engineering estimates for a unique undertaking, including construction and start-up costs, rather than projections based on operating expenses. The results were budgets which were considerably higher than actual expenditures. Beginning with FY 1986, however, the MFO based its budget on empirical data as adjusted for anticipated changes in wages and prices. For this reason, we anticipate FY 87 budget level and actual expenses will be much more in line.

The organization has set the same budget level in FY 1987 as the previous year, with the U.S. Government share remaining \$30 million. The MFO anticipates wage and price increases for supplies, materials, and services in the five to seven percent range. The need to start replacing old, wornout equipment in FY 1986 introduces additional expenses for FY87. However, certain other FY 1986 costs, principally associated with a change in the countries participating in the MFO, are not expected to recur in FY 1987 which will allow overall assessments to remain about the same as last year.

The MFO has been and must continue to be conscious of sound management procedures. The organization pays its bills on time--a factor that has encouraged various countries to join, or to continue to participate in the MFO. Because the MFO is not a U.N. organization it does not have ready access to credit. Consequently, it must receive contributions on a timely basis in order to meet obligations; and must plan its budget wisely in the beginning of the fiscal year to meet all contingencies. Importantly, it has been able to function in a fiscally responsible manner because it has been able to rely on Israel, Egypt, and the U.S. to meet fully their annual contribution obligations of one third the operating costs each.

### **III. Statement of Mr. Alexander T. Liebowitz, Officer-in-Charge, European, Arms Control, Outer Space, and Ocean Affairs, Bureau of International Affairs, U.S. Department of State.**

Mr. Chairman, it gives me great pleasure to appear before this Subcommittee to speak on behalf of the request for funds for the U.S. contribution to support the U.N. Force in Cyprus (UNFICYP). The Administration is requesting \$9 million for FY 87, the same amount requested in the past. In FY 86, however, our contribution will be cut to \$8.613 million, as a result of Gramm-Rudman-Hollings sequestering.

As members are aware, UNFICYP has helped since 1964 to preserve the peace in Cyprus while the Greek and Turkish Cypriot communities searched for a permanent, mutually acceptable settlement. UNFICYP thus facilitates the U.N. Secretary General's current mission, supported by the U.S., to achieve a negotiated settlement in Cyprus. Under his good-offices mandate from the U.N. Security Council, Secretary General Perez de Cuellar launched an initiative in 1984 to achieve a Cyprus settlement. Over the last year the Secretary General has continued his efforts to bring about agreement on a framework for a settlement. Delays were caused by elections in the Turkish Cypriot section of north Cyprus and in the Republic of Cyprus. Working-level talks between U.N. officials and Greek and Turkish Cypriots were held in November and late February-early March. U.N. officials believe that the

progress registered there could eventually lead to the conclusion of a framework agreement for Cyprus.

In the meantime UNFICYP is continuing its peacekeeping activities. Its mandate is renewed every six months by the U.N. Security Council, most recently on December 12, 1985. UNFICYP, which currently has 2,328 troops, costs about \$100.8 million a year. About \$72.6 million was financed in 1985 by the eight countries that contribute troops and military police (Austria, Australia, Canada, Denmark, Finland, Ireland, Sweden, and the UK). Voluntary contributions--including an annual U.S. contribution of \$9 million--are supposed to cover the balance of about \$28.2 million. I might note here that this USG pledge of \$9 million represents 31.9 percent of the \$28.2 million balance; USG pledges over the years represent about 47 percent of total pledges. In recent years contributions have not increased to meet rising costs. As of December 15, 1985 there was an accumulated deficit of about \$113.9 million. As a result, the claims of the troop-contributing countries have been met only through June 1978.

The Secretary General has regularly expressed his concern over the precarious financial situation of UNFICYP, which places a great burden on the troop-contributing countries and other major donors (Belgium, Federal Republic of Germany, Italy, Japan, Norway, and Switzerland). The U.S. has urged others to make contributions to meet the shortfall. Until conditions on the island reach a degree of stability that will permit dissolution of the force, the continued presence of UNFICYP serves U.S. interests in Cyprus and the region.