



General Assembly

Distr.: General
24 February 2022

Original: English

Seventy-sixth session

Agenda item 136

Review of the efficiency of the administrative and financial functioning of the United Nations

Supply chain activities in the United Nations Secretariat

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on supply chain activities in the United Nations Secretariat ([A/76/613](#)). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 17 February 2022.

2. The Secretary-General indicates in the report that, pursuant to General Assembly resolution [72/266](#) B, the Office of Supply Chain Management was established within the Department of Operational Support on 1 January 2019. The Office encompasses the Logistics Division, the Procurement Division, the Enabling and Outreach Service, the Uniformed Capabilities Support Division, the Aviation Safety Section and the Global Service Centre located in Brindisi, Italy. The Logistics Division comprises the Supply Chain Planning Service, the Sourcing Support Service, the Air Transport Service and the Movement Control Section. The Procurement Division is organized into the Technology and Infrastructure Support Service and the Transportation and Life Support Service, together with the Global Procurement Support Section housed in the Regional Service Centre in Entebbe, Uganda. The Enabling and Outreach Service is composed of the Performance Management Section, the Vendor Registration and Outreach Unit and the Operational Guidance Unit. Together, the units of the Office, in partnership with corresponding functions within client entities, form the Secretariat's integrated supply chain. In the report, the Secretary-General describes the activities of the Office following the full alignment of its components. He outlines the supply chain process and looks towards the completion of the transition to a standardized approach to planning, sourcing, procuring, delivering, returning and enabling, tailored to United Nations operations ([A/76/613](#), paras. 1 and 2).

3. Upon enquiry, regarding the basis of the change of the report from the previous biennial submission on procurement activities, the Advisory Committee was informed that the report of the Secretary-General reflected the activities of the entire supply chain rather than purchasing activities alone, in line with the new mandate of the



Office established by resolution 72/266 B, and that it was planned to follow the same biennial presentation of the previous reports of the Secretary-General on procurement activities. The Committee was also informed that all major Secretariat entities, including peacekeeping operations, special political missions, offices away from Headquarters, regional commissions and United Nations Headquarters departments, were integrated into the supply chain framework. The Committee was provided with an organizational chart showing the staffing of the Office for the period from 1 July 2021 to 30 June 2022.

4. **The Advisory Committee, while acknowledging that the present report of the Secretary-General provides a comprehensive overview of the activities of the Office of Supply Chain Management, sees merit in more data and analysis related to specific aspects of supply chain management, in particular, procurement in the United Nations Secretariat. The Committee therefore recommends that the General Assembly request the Secretary-General to submit his report on an annual basis, with an adequate level of detail and analysis, and an emphasis on the procurement activities in the United Nations Secretariat. The Committee trusts that future reports will also include a detailed organizational chart of the Office with clear reporting lines (see also paras. 5–12 and 67 below).**

5. The Advisory Committee was also informed, upon enquiry, that resources and investment would be needed going forward to be able to achieve a supply chain that was automated from “end-to-end” and for specific initiatives targeted at improving the efficiency and effectiveness of the supply chain, such as the upcoming initiative to improve inventory management and asset optimization across the Organization. Most of the initiatives referenced in the report of the Secretary-General were intended to be cost-neutral, through optimization in the usage of existing resources. Any initiative aimed at making substantial changes in structure, regulated procedure and/or cost would be presented in the proper manner through the budgetary review process. According to the Secretary-General, all of the initiatives proposed in the report could commence during the 2022–2023 period. Those initiatives were planned to run concurrently, with the rate of implementation dependent not only on capacity and resources available but also on the cooperation and commitment of other parts of the Organization and the United Nations system. **The Committee trusts that additional information will be provided on those initiatives during the consideration by the General Assembly of the present report and recommends that the Assembly request the Secretary-General to provide for its consideration detailed information on new initiatives, including their benefits and financial implications, in the context of his next report.**

Planning and efficiency measures

6. In his report, the Secretary-General indicates that the Office has established a supply chain planning framework that ensures the horizontal and vertical integration of supply chain planning functions, processes and stakeholders locally, regionally and globally. The framework supports the global supply chain plan, which provides full visibility of the global demand for goods and services and supports the determination of optimal sourcing options and opportunities for more effective and efficient delivery of solutions to satisfy clients’ needs. The global requirements for goods and services are captured in 28,313 demand lines, with a total value of \$2.457 billion as at 1 June 2021. The Office introduced an improved process for reviewing the annual global supply chain plan that is conducted by cross-functional working groups of procurement and technical experts based on category management, which fulfilled \$329.2 million of the total projected demand from existing stocks or reserves, thereby avoiding additional expenditure. To facilitate collaboration with clients during the planning cycle, the Office introduced an integrated business planning process to

review and ensure the relevance of plans, adapt them to meet specific mandated activities, identify issues, formulate solutions to address challenges and mitigate risk. The supply chain planning for the 2022–2023 cycle will be performed in the supply chain planning tool of the new Umoja Extension 2 solution, which is in the final stage of deployment (A/76/613, paras. 21–26).

7. Upon enquiry, the Advisory Committee was informed that, from 2018 through the planning 2021–2022 cycle, the supply chain planning process had been supported by an interim in-house solution called the “demand and acquisition planning tool”. The roll-out of the Umoja supply chain planning tool during 2021 had enabled the Secretariat to transition from the interim system to the new Umoja solution. The supply chain planning tool provided demand forecasts for goods and services as inputs into supply chain planning from the 2022–2023 planning cycle onwards, and facilitated review and oversight by Headquarters and category management of the supply chain plans at the entity and aggregated levels. The planning tool also produced demand forecasts up to 24 months in advance by using a combination of historical data, advanced algorithms and planner adjustments for, among other things, seasonal and intermittent consumption patterns and project-related demand. In addition, the system projected the future replacement for equipment. The Secretariat entities on the regular budget planning cycle had developed their supply chain plans for 2022 in the new Umoja tool. Peacekeeping missions were currently in the process of developing their supply chain plans for 2022–2023 in the tool, while continuing to manage the implementation of the plans through demand analytics and forecasting in the interim in-house solution. The deployment of the tool for gross demand, net demand and source planning would be completed for both regular budget and peacekeeping entities by the end of June 2022.

8. The Advisory Committee was also informed, upon enquiry, that the full scope of the business requirement for the planning tool extended beyond the initial functionalities to include, for example, delivery planning functionalities and integration, automatic safety stock calculations and potential integration with the Umoja budgeting module, as well as the transportation management system and the Uniformed Capabilities Management System. The planning tool was expected to: (a) improve the visibility and traceability of the supply chain for better planning; (b) optimize inventory levels with improved visibility and control related to the availability of material, ensuring safety stock and long-term supply visibility; and (c) enable better integrated planning at local levels among various stakeholders by making supply chain data visible. The tool remained under continuous improvement after deployment and would be refined or enhanced based on lessons learned, user feedback and improvement opportunities identified during deployment, including but not limited to addressing the specific needs of offices with smaller and lower-value procurement requirements.

9. The Advisory Committee notes that the supply chain planning process, including the use of Umoja for specific initiatives, is targeted at improving the efficiency and effectiveness of the supply chain. The Committee trusts that the use of the supply chain planning tool of the new Umoja Extension 2 solution will be rolled out expeditiously and looks forward to updated information on the implementation in the next report.

Investing in technology

10. The Secretary-General indicates that sustaining an effective and efficient supply chain requires continued investment in technology. The Advisory Committee was informed, upon enquiry, that, going beyond replacing legacy systems, the immediate focus of investments in information and communications technology was to identify gaps in information system support for the end-to-end supply chain. The first element in that vision for a seamless solution would be to introduce force planning and Umoja

enhancements to link supply chain planning with budget and finance modules. Another investment priority related to information and communications technology was to introduce automation to reduce manual errors and enable real-time tracking in the supply chain processes. An additional application was the supply chain control tower to facilitate decision-making by all stakeholders.

11. In addition to the projects related to Umoja Extension 2, the Office had developed and launched an electronic (e-tendering) solution, which was currently in the pilot phase and was being used by the Procurement Division. The road map for a phased Secretariat-wide implementation ran throughout 2022. The solution would assist in monitoring and managing procurement operations. The increased efficiency from e-tendering, in particular for large, complex requirements, supported the Office's commitment to maximizing access to business opportunities for the broadest pool of qualified vendors (*ibid.*, para. 77). The Advisory Committee was informed, upon enquiry, that the Office had begun developing and building an e-tendering solution in late 2020, with the system going live in July 2021 and a move into full production as at 1 December 2021. As regards deployment progress, analysis would be done on the usage of the system, as well as on cases in which the system had been deemed not to be the optimal solution. Additionally, plans were being finalized to deploy the system to other Secretariat entities before the end of 2022. The Committee recalls that the Secretary-General indicated in his previous report ([A/73/704](#)) that, since March 2015, the Procurement Division had been testing the e-tendering solution, as a pilot programme, to issue tender documents and receive suppliers' submissions. The Division had planned to introduce e-tendering in 2019 as the standard for all tender exercises conducted throughout the Secretariat while allowing for exceptions where necessary (see also [A/73/704](#), paras. 67–70).

12. The Advisory Committee trusts that the Secretary-General will provide detailed information on procurement innovations, including the e-tendering project, along with their financial implications and benefits, in his next report. The Committee trusts that the Secretary-General will also report on efforts made to reach vendors who may not be able to access the system (see para. 36 below).

System-wide cooperation

13. In his report, the Secretary-General explains that, historically, reports on Secretariat cooperation within the United Nations system in procurement and supply chain activities have not fully captured the breadth of such engagement. Beyond joint systems contracts, entities' existing arrangements under financial rule 105.17 (a), on cooperation with other organizations of the United Nations system, are increasingly used. Annually, collective procurement by the Secretariat using this modality has increased, from \$71.5 million in 2018 to \$87.7 million in 2020. In December 2020, the Secretariat promulgated guidance to strengthen the framework for and clarify the implementation of cooperation with other entities. Recently, a new working group, which includes representatives from the Procurement Division, was established to examine opportunities to implement mutual recognition. Annex V of the report highlights some examples of cooperation during the reporting period ([A/76/613](#), paras. 71–72 and annex V).

14. Upon enquiry regarding the low level of cooperation, the Advisory Committee was informed that, as part of category management, the opportunities for cooperation were explored for each category, including the analysis of other organizations' contracts within a given category. Initiatives were established to pursue cooperation opportunities when deemed to be advantageous and representing best value for money. The Procurement Division had issued instructions to all its procurement officers to ensure that contract information for all the Division's systems contracts was entered into the United Nations Global Marketplace. Other organizations were

also uploading their contract information there, which enabled United Nations procurement officers to obtain a quick overview of available long-term agreements in the United Nations system in a given category. On 31 December 2020, the Office had issued a supply chain operational guidance document to clarify to procurement officials across the Secretariat in very practical terms how to realize benefits from cooperation with United Nations organizations in procurement while ensuring that the procurement principles of the Secretariat, including best value for money, were safeguarded. The next steps would be: (a) for the Secretary-General to strongly advocate with the leadership of agencies, funds and programmes for greater cooperation in the area of procurement; (b) to reduce bureaucracy through process simplification and technology; (c) for Member States to strongly advocate through the respective legislative bodies of the agencies, funds and programmes for greater inter-agency cooperation; and (d) for the Secretariat to continue to actively advocate through the Procurement Network of the High-Level Committee on Management for the same.

15. **The Advisory Committee is concerned by the low level of cooperation and harmonization system-wide in the supply chain, in particular with regard to procurement matters. The Committee recommends that the General Assembly request the Secretary-General to conduct an assessment, while ensuring that the procurement principles of the United Nations Secretariat, including best value for money, are safeguarded, of the opportunities and challenges, including in the context of the United Nations System Chief Executives Board for Coordination (CEB), and provide updated information on the progress made in his next report, for its consideration (see also [A/73/790](#), para. 28, and [A/71/823](#), para. 42). The Committee also recommends that the Assembly request the relevant legislative bodies of the United Nations system entities to entrust the heads of their executive bodies to improve the mechanisms enhancing system-wide cooperation and harmonization and achieve efficiencies.**

II. Supply chain pandemic response

16. In his report, the Secretary-General explains how the newly established integrated supply chain faced its first major test at the onset of the pandemic. The Office was required to urgently define technical solutions for a range of new, unforeseen requirements, source them on behalf of all clients and deliver them in a timely manner. Critical goods and services in the cumulative amount of just under \$85 million had been obtained through more than 80 procurement actions by the end of October 2021, as reflected in table 1 of the present report ([A/76/613](#), para. 14).

Table 1
Value of critical goods and services obtained through emergency procurement procedures from March 2020 to October 2021
(United States dollars)

<i>Category</i>	<i>Volume</i>
Aviation	46 102 887.00
Health care	23 469 275.51
Engineering and infrastructure	8 197 231.27
Facilities and construction	5 200 000.00
Communications and technology	1 005 000.00
Freight forwarding	213 245.18
Total	84 187 638.96

17. The Advisory Committee was informed, upon enquiry, that the emergency procurement procedures, put in place from March 2020 to October 2021, as contemplated in article 15.4 of the United Nations Procurement Manual, included the use of simplified procedures, accelerated timelines and ex post facto review by the Headquarters Committee on Contracts for awards exceeding \$1 million. Under such procedures, competitive procurement was undertaken in hours or days to contract goods and services in an emergency situation. With respect to vendor registration, if a registration application for a vendor to provide goods or services needed to be approved under the Special Approval Committee process, and if the emergency is imminent, the Chief of the Enabling and Outreach Service could approve the application without review by the Committee. The utilization of the emergency procurement procedures had been closely monitored during the period through, inter alia, review by the Headquarters Committee on Contracts after procurement actions had taken place, and periodic reporting on all cases conducted under the procedures to the Assistant-Secretary-General for Supply Chain Management, as well as briefings to senior leadership. In addition to continuous review to determine where such procedures could be further streamlined and simplified, the Office had conducted an internal review of the coronavirus disease (COVID-19) response and would incorporate the lessons learned into its guidance documents and procedures, as applicable going forward.

18. In his report, the Secretary-General indicates that the Office provided key leadership and technical expertise to the unprecedented United Nations System-Wide Task Force on Medical Evacuations in Response to COVID-19, which ensured the availability of intensive care unit beds in locations across the world for eligible United Nations personnel, dependants and key implementing partners (*ibid.*, para. 7).

19. Upon enquiry, the Advisory Committee was informed that the Task Force was currently exploring how to best factor in the evolution of the different variables related to the pandemic, including epidemiological indices, the existence of constraints which inhibited the transportation to and acceptance of COVID-19 patients in traditional medical evacuation destinations and the utilization of evidence-based analysis to inform recommendations with regard to the type and scale of operations necessary in the future.

20. In his report, the Secretary-General highlights that, at the beginning of 2021, a United Nations system-wide COVID-19 vaccination programme led by the Office, which has brought together 32 United Nations system entities, was established to coordinate the sourcing, distribution and administration of vaccines to United Nations personnel in locations where national vaccination programmes were unable to assist. The Office established standby contracts for the provision of vaccination teams where these were needed to support the efforts of United Nations country teams. By December 2021, the Office had distributed more than 350,000 vaccine doses to uniformed and civilian United Nations personnel in 69 countries, together with the associated consumables. For vaccinations of uniformed personnel, the Office supported an informal group of friends convened in January 2021 to establish the way forward for permissible vaccines, in-theatre and predeployment vaccinations and applicable legislative processes. A total of 38 Member States participated in the group of friends (*ibid.*, para. 12). Upon enquiry, the Advisory Committee was provided with a list of home care packages and extended home care packages, as well as information on the vaccine types received in 2021 and early 2022. **The Advisory Committee acknowledges with gratitude the efforts of the Secretariat of the United Nations and other entities in response to the COVID-19 pandemic and recommends that the General Assembly request the Secretary-General to provide in his next report more information on the application of the emergency procurement procedures, including consolidated lessons learned and best practices.**

III. Current supply chain activities

Category management

21. The Secretary-General indicates in his report that, in May 2019, the Secretariat adopted a category management governance model and, effective 1 January 2021, promulgated comprehensive guidance to clients, encompassing an operating model and related processes. The operating model includes an analysis comprising regulatory, assurance of supply, quality, service, cost and innovation aspects for strategy development. The strategies are intended to incorporate the total cost of ownership into their analysis and recommendations. They complement the goal of the Secretary-General to move authority closer to the point of mandate delivery by enabling entities to exercise their procurement delegations with tailored guidance and recommendations, where appropriate.

22. He also indicates that the Procurement Network of the High-Level Committee on Management formally adopted a call to action proposed by the Office to utilize category management expertise across the United Nations system. The harmonization working group of the Committee has been tasked with proposing category-specific leadership roles for individual agencies, funds and programmes. A total of 40 categories have been established under eight business areas, for which 31 category strategies have been approved in the last two years. Category management strategies for the remaining nine categories will be developed in 2022 (*ibid.*, paras. 16–20). Upon enquiry, the Advisory Committee was provided with a list of the categories and was informed that key performance indicators for the completed category strategies had been developed and were at the final stage of review and finalization, in consultation with the category teams.

23. The Advisory Committee recalls that it is of the view that there is a need for further understanding and an in-depth analysis of category management and for a detailed explanation on its operational aspects, including on the measures in place to ensure segregation of duties and the expected cost and benefits. The Committee recommends that the General Assembly request the Secretary-General to provide such explanations in his next report (see [A/73/790](#), para. 19).

Sourcing the categories

24. The Secretary-General indicates in his report that some categories benefit from global sourcing solutions or require specific expertise owing to strategic or regulatory considerations. The Office identifies the solutions needed in the categories of engineering, medical support, vehicle fleets, rations, fuel and general supplies. The requirements of multiple clients are met by establishing and administering approximately 100 global systems contracts and 30 turnkey contracts at any one time, all within the scope of relevant category management strategies. In the financial year 2020/2021, more than 73,000 tons of food rations composed of 524 different items, 186 million litres of diesel and almost 70 million litres of Jet A1 fuel were sourced, together with 516 vehicles, including 50 armoured vehicles, 84 trucks, 6 buses, 5 forklifts and 117 intensive care ventilators ([A/76/613](#), paras. 37–39). The Office provides technical expertise to all clients and supports the environmental strategy of the Department of Operational Support and the United Nations system-wide strategy on gender parity through the delivery of engineering-related sourcing solutions for the nine engineering categories, with a focus on innovative and sustainable options, including renewable energy and wastewater treatment (*ibid.*, para. 40).

25. As part of the integrated supply chain, the Office established and maintained 62 commercial contracts and 19 letters of assist for military aviation services in 18 different field entities. The Office monitored 5,637 flight hours, 159 COVID-19

medical evacuations in coordination with the World Health Organization and 17 non-COVID-19 medical evacuations. It is also currently deploying 458 unmanned aircraft systems under different modalities through several commercial contracts and letters of assist in support of clients (*ibid.*, para. 42). Upon enquiry, the Advisory Committee was informed that the sourcing of such systems was conducted at Headquarters, in coordination with the field missions, based on operational requirements. Those services could be sourced through a commercial procurement process or, in some cases, were obtained through the contribution of a troop-contributing country, through a letter of assist or as a pro bono agreement. Reimbursement rates for class I micro- and mini-unmanned aircraft systems were established in the Manual on Policies and Procedures concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police Contributors Participating in Peacekeeping Missions; hence, when provided by a troop-contributing country, they would be considered as contingent-owned equipment and would be part of the respective memorandum of understanding, or they could be sourced as United Nations-owned equipment through a commercial procurement process. Upon enquiry, the Committee was provided with a copy of the Aviation Manual. Annex F4 of the Manual covered operations with unmanned aircraft systems. **The Advisory Committee trusts that the acquisition and use of unmanned aircraft systems are undertaken in accordance with the Manual.**

26. The Secretary-General also indicates that, in support of its delivery function, the Office generated 89 commercial short-term freight forwarding contracts worth \$48 million from July 2020 to June 2021, in addition to eight long-term commercial global freight forwarding contracts that were established in September 2021. The Office also negotiated 32 letters of assist for freight forwarding services worth \$12 million and 109 letters of assist for passenger movements worth \$44.9 million, resulting in the transportation of 47,231 tons of contingent-owned and United Nations-owned equipment, in addition to 188,794 military and police contingent personnel from troop- and police-contributing countries and 18,000 tons of baggage (*ibid.*, paras. 43 and 49).

Supply chain spending and trends

27. The Secretary-General explains that the Secretariat represents the largest and most complex supply chain operations within the United Nations system, with a global procurement value totalling \$2.7 billion in 2020 and \$2.9 billion in 2019. In 2020, information and communications technology became the highest area of expenditure (\$394 million), followed by air transportation (\$371 million), food and catering (\$369 million), fuel (\$343 million) and building and construction (\$289 million). These top five commodity groups have been consistently among the major commodities procured by the Secretariat in the last five years, accounting for 65.31 per cent of total procurement in 2020, compared with 62.58 per cent in 2019. Owing to the COVID-19-related constraints on some air movements in 2020, air transportation declined, while previously it had been the highest category of spending since 2011. The Secretariat spending analysis for the period from 2019 to 2021 is reflected in table 2 (*ibid.*, para. 15 and annex I).

Table 2
United Nations Secretariat spending analysis, 2019–2021

(Millions of United States dollars)

<i>Major commodity</i>	<i>Purchase order value</i>		
	<i>2019</i>	<i>2020</i>	<i>2021</i>
Air transport	478.76	371.4	330.97
Information and communications technology	418.08	393.91	348.18
Fuels	372.45	343.19	238.36
Food and catering	312.33	368.97	291.7
Building and construction	268.04	289.41	305.01
Travel	190.14	46.81	2.47
Real estate	140.26	133.28	120.87
Transportation and storage	126.03	120.98	144.59
Security	90.63	91.72	102.78
Professional services	81.12	75.09	77.73
Vehicles	72.3	56.11	59.69
Financial and insurance	53.95	65.84	49.72
Industrial cleaning	46.74	53.25	42.49
Lodging and conference services	45.04	10.44	17.93
Utilities	35.37	29.77	38.23
Pharmaceuticals and health	31.81	61.78	42.95
Engineering services	28.72	28.25	30.29
Water treatment	23.38	8.97	18.18
Education	23.02	17.01	20.29
Power generation and distribution	20.55	23.29	22.15
Industrial	16.78	19.1	15.17
Office equipment and supplies	14.74	10.77	10.27
Furniture	11.22	18.37	12.85
Raw materials and chemicals	11.09	14.57	10.64
Heating, cooling and distribution	9.73	11.97	12.09
Electrical and lighting	9.63	11.01	13.08
Miscellaneous	8.61	15.07	13.88
Manufacturing	4.18	3.69	2.38
Published products	3.27	2.95	3.06
Paper materials	3.06	2.06	1.59
Cleaning	2.62	3.89	3.79
Tools	1.72	2.16	2.05
Agricultural	0.39	0.43	0.93
Total	2 955.74	2 705.52	2 406.33

28. The Advisory Committee was informed, upon enquiry, that the primary drivers for the reduced spending in 2020 and 2021 compared with 2019 were the pandemic (e.g. reduced demand for aviation and travel) and the changing landscape of peacekeeping, including the liquidation and downsizing of missions. Regarding the

increased spending on information and communications technology in 2020 and 2021, the Committee was informed that the procurement of information and communications technology goods was subject to United Nations procurement regulations, rules and procedures. The procurement of such goods allowed for the standardization of certain technologies to ensure interoperability, strategic direction in line with market advances and proper leveraging of prior investment. That standardization process occurred within the Office of Information and Communications Technology and involved looking at technology from a strategic perspective to choose products and solutions that met the Organization's needs. Those standardizations were then subject to a commercial analysis to ensure best value for money in the acquisition of such goods and solutions. Following those processes, the costs of such technology were optimized through established system contracts, which would be further enhanced through the issuance of new requests for proposals.

29. The Advisory Committee notes the overall trends and drivers for reduced spending in 2020 and 2021, due essentially to the pandemic and the changing landscape of peacekeeping, including the liquidation and downsizing of missions, and trusts that the Secretary-General will provide in his future reports more detailed analysis of the movements of spending, including demand analysis and explanation of changes, as well as justifications for increases under some major commodities, in particular information and communications technology.

Sourcing

30. In his report, the Secretary-General indicates that the Secretariat is committed to maximizing opportunity and diversity in its vendor base. Since 2016, the percentage of the Secretariat's procurement from least developed countries, countries with economies in transition and developing countries has steadily increased. Procurement from these countries increased from 55.37 per cent of total volume in 2016 to 61.5 per cent in 2020, exceeding the ratios across the United Nations system as a whole. The 2020 annual statistical report on United Nations procurement shows that 60.38 per cent of the total volume of procurement across the United Nations system has been from the aforementioned groups of countries. Table 2 of the report of the Secretary-General shows trends in the volume and percentage of procurement from industrialized economies on the one hand, and from least developed countries, countries with economies in transition and developing countries on the other hand (*ibid.*, para. 27 and table 2). Upon enquiry, the Advisory Committee was informed that the Secretariat used the *World Economic Situation and Prospects 2022* report of the Department of Economic and Social Affairs of the Secretariat in identifying the categories of countries. The Committee was also provided with a breakdown of the volume and percentage of procurement from developing countries, least developed countries, countries with economies in transition and industrialized countries for the period from 2016 to 2020, as reflected in table 3 of the present report.

Table 3

Volume and percentage of procurement from developing countries, least developed countries, countries with economies in transition and industrialized economies (2016–2020)

(Billions of United States dollars)

Group of country classification	2016		2017		2018		2019		2020	
	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage
Developing countries	1.14	35.17	1.19	38.70	1.17	38.73	1.15	38.87	1.10	40.55
Least developed countries	0.35	10.76	0.37	11.99	0.39	13.00	0.38	12.75	0.34	12.49

Group of country classification	2016		2017		2018		2019		2020	
	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage
Economies in transition	0.31	9.44	0.29	9.37	0.27	8.80	0.28	9.37	0.23	8.46
Subtotal	1.79	55.37	1.84	60.07	1.83	60.52	1.80	60.98	1.66	61.50
Industrialized countries	1.44	44.63	1.23	39.93	1.19	39.48	1.15	39.02	1.04	38.50
Total	3.23	100	3.07	100	3.03	100	2.96	100	2.71	100

Vendor registration and outreach

31. The Secretary-General indicates in his report that the total percentage of vendors invited from these groups to tender exercises increased from 58.97 per cent in 2016 to 68.38 per cent in 2020 (ibid., para. 27). Upon enquiry, the Advisory Committee was provided with a breakdown of the percentage of invited vendors from developing countries, least developed countries, countries with economies in transition and industrialized economies, as reflected in table 4 of the present report.

Table 4
Percentage of vendors from developing countries, least developed countries, countries with economies in transition and industrialized economies invited to tenders (2016–2020)

(Percentage)

Group of country classification	2016	2017	2018	2019	2020
Developing countries	38.87	40.06	42.19	45.84	42.66
Least developed countries	18.69	17.97	19.20	18.43	23.94
Economies in transition	1.41	1.77	1.53	1.36	1.72
Subtotal	58.97	59.80	62.92	65.63	68.32
Industrialized countries	41.03	40.20	37.08	34.37	31.68
Total	100	100	100	100	100

32. On vendor registration, the Secretary-General indicates in his report that the Office of Supply Chain Management has simplified the vendor registration process by making it more flexible, including through increasing the threshold for basic registration in the United Nations Global Marketplace from \$40,000 to \$150,000, increasing the authority of the Enabling and Outreach Service to meet exigent requirements for special approvals for vendor registration and automating the request for special approvals of vendor registration and allowing vendors to submit the required registration supporting documents in all six official languages. Since the end of 2020, a total of 280,408 vendors have registered. The proportion of vendors registered from developing countries and countries with economies in transition rose marginally over the reporting period, constituting 78 per cent in 2021. The Office has worked to increase the number of registered flight service vendors and, since January 2019, 38 new air operators, including 20 aeromedical evacuation operators, have been registered, of which 32 per cent have been successfully awarded contracts (ibid., paras. 28–30).

33. The Committee was informed, upon enquiry, that vendor registration took place at two levels (levels 1 and 2). Level 1 registration was for an estimated contract value of \$150,000 to \$500,000, which required (a) certification of incorporation or

equivalent documents verifying legal status and capacity, (b) at least three references, (c) company information and (d) the vendor to have been in business for a minimum of three years. Level 2 registration was for an estimated contract value of above \$500,000, which required, in addition to the level 1 requirements, at least three reference letters and audited financial statements for the past three years. Level 2 vendors were also requested annually to update their financial information in the Global Marketplace (www.ungm.org). The Secretariat followed up on submissions for vendors who had “special approvals” or who had contracts above \$10 million with the Secretariat. The Secretariat was currently in the final stages of review to consider whether there should be an evaluation of financial capacity for contracts above a certain threshold, even if the vendor was already registered at level 2, if the previous evaluation had not been conducted in the current calendar year. Vendor accounts were generally not deleted in the Global Marketplace, but sanctioned vendors were marked there as such, while the record and history of accounts were maintained. Similarly, when a vendor did not submit all of the required documents, the records would not be deleted; however, their level 2 status might be affected and the status of the vendor would be marked as “vendor to update”. The only time that deletion occurred was when a vendor erroneously created multiple accounts, when any duplicate accounts were deleted and/or when the vendor specifically requested to withdraw its registration from the Global Marketplace.

34. Upon enquiry, the Advisory Committee was also informed that, under the regular approval process, the review of the vendor registration application by the Enabling and Outreach Service determined if a vendor had met the criteria for a particular registration level in the Global Marketplace. The status of the vendor in the Global Marketplace was then updated at the appropriate level. The “special approval” was an exceptional approval process for a vendor that did not meet the registration criteria for the appropriate registration level in the Global Marketplace. The request was submitted by the procurement official and was then reviewed, after which a recommendation was made by the Special Approval Committee. The recommendation of the Committee was then reviewed by the Chief of the Enabling and Outreach Service. If approved, the vendor was granted special approval for a one-time contract award only. However, as that was a special approval, the vendor’s registration level in the Global Marketplace remained unchanged. That happened, for instance, when a vendor did not meet the financial criteria for registration due to losses, but such losses in comparison with the revenues in the financial statements did not affect the financial health and/or cash flow situation of the vendor. The Secretariat was currently reviewing the financial criteria of major categories to tailor the criteria based on market norms.

35. As for vendor outreach, the Secretary-General explains in his report that outreach activities are focused on providing interested vendors, including competent but disadvantaged members of the vendor community, with an opportunity to engage in procurement activities. In addition to traditional business seminars organized in consultation with Member States, which are currently offered virtually, the scope of activities has expanded to include events focused on registering vendors that can support the implementation of new category management strategies. When requested, the Office provides training to Member States to help them to facilitate the registration of vendors. The Secretariat has introduced a series of key performance indicators to measure the effectiveness of business seminars. Under these indicators, the percentage of invitations to vendors from developing countries and countries with economies in transition has increased, from 66 per cent in 2019 to 69 per cent in 2021. The results of a newly introduced business seminar participant satisfaction survey in all official languages indicate that 84 per cent of seminar attendees had never participated in a United Nations procurement exercise in the past, and 72 per cent

reported that they had obtained a better understanding of how to do business with the United Nations through the seminar (*ibid.*, paras. 31 and 32) (see table 5).

Table 5

Number of in-person and webinar business seminars offered by the Secretariat, 2019–2021

<i>Country classification</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Developing countries	18	21	34
Least developed countries	4	—	1
Economies in transition	4	1	3
Subtotal	26	22	38
Industrialized countries	19	17	21
Category-specific	—	1	5
International seminars	—	—	4 ^a
Total	45	40^b	68^c

^a Comprised a mixture of vendors from different countries (industrialized countries, developing countries and countries with economies in transition).

^b Including eight WEConnect International seminars focused on women-owned businesses.

^c Including 20 WEConnect International seminars focused on women-owned businesses.

36. **The Advisory Committee acknowledges the efforts made to promote business opportunities for vendors from developing countries, including least developed countries, and countries with economies in transition. The Committee recommends that the General Assembly request the Secretary-General to continue his efforts and explore additional, innovative ways to promote and sustain procurement from these groups of countries and provide an update, including an analysis of the impact on the major commodities, in the context of his next report (see also [A/73/790](#), para. 25).**

37. The Secretary-General indicates that vendor outreach activities expand beyond business seminars to embrace multilingualism and to promote women-owned and disability-inclusive businesses. Pursuant to General Assembly resolution [72/234](#), in which the United Nations was called upon to mainstream a gender perspective and pursue gender equality in its work, including with respect to supporting the access of women to economic opportunities, the Office has implemented an outreach programme aimed at engaging women-owned businesses, in partnership with WEConnect International, a non-governmental organization. The first WEConnect International business seminar was held in Turkey in 2019. The programme was expanded to 20 business seminars in 2021, together with 10 training opportunities for women-owned businesses covering a range of capacity-building topics. In addition, the Secretariat is partnering with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) to introduce contractors to the Women's Empowerment Principles, which provide a strong framework to support vendors striving for gender equality in workplaces, marketplaces and communities. A total of 21,532 women-owned businesses are registered with the Secretariat, of which 6 per cent are from developing countries or countries with economies in transition ([A/76/613](#), paras. 29 and 33).

38. Upon enquiry, the Advisory Committee was informed that, in addition to the above-mentioned efforts, the Secretariat was planning (a) to engage with local chambers of commerce and other relevant organizations to obtain lists of women-

owned businesses by category of goods and services required by the United Nations; (b) to continue, as part of its participation in the Procurement Network of the High-Level Committee on Management, to work together with other United Nations entities to share good practices and tools to promote gender equality and the empowerment of women; and (c) to enhance its partnership with UN-Women to use the latter's database of women-owned businesses, automate procurement opportunities for those businesses and continue ensuring that its contractors became signatories to the Women's Empowerment Principles to increase the mainstreaming of gender principles in the United Nations Secretariat supply chain.

39. The Secretary-General further notes that, pursuant to General Assembly resolution [74/144](#), in which the Assembly called upon the United Nations system to accelerate the full and effective mainstreaming of disability inclusion into the work of the Organization, the Office is working with the working group on sustainable procurement of the Procurement Network of the High-level Committee on Management to promote disability-inclusiveness, including through procurement policies that ensure that the process is accessible to everyone. The Procurement Manual has been updated to include raising the standards of the performance of the United Nations with regard to disability inclusion, such as by requiring requisitioning offices to ensure, within reason, that accessibility considerations are factored into the requirements definition and that new acquisitions do not create barriers for persons with disabilities (*ibid.*, para. 36).

40. Upon enquiry, the Advisory Committee was informed that the United Nations Disability Inclusion Strategy, launched in June 2019, would run for a five-year period, after which it would undergo review. Following a September 2019 memorandum of the Secretary-General in which he called on agencies to implement the strategy, the Procurement Network of the High-level Committee on Management had put in place a time-limited task team that had developed guidance for the Procurement Network on the implementation of indicator 8 (Procurement) of the Strategy. The guidance provided for certain actions in the areas of (a) procuring accessible goods and services, (b) making the procurement process accessible and (c) sourcing from disability-inclusive suppliers. A disability-inclusive supplier was defined as "a supplier which makes a dedicated, consistent and measurable effort to implement disability-inclusive practices". Suppliers could show that they were disability-inclusive through a variety of means, such as having an organizational policy on disability inclusion, recruiting and hiring people with disabilities, offering reasonable accommodation to candidates and personnel with disabilities and providing accessible premises. As at 1 February 2022, 9,446 vendors registered with the Secretariat had self-reported that their businesses fell under that category. The potential special consideration for disability-inclusive business encouragement was currently under deliberation and the considerations were likely to be similar to the ones accorded to women-owned businesses.

41. The Advisory Committee acknowledges the outreach efforts of the Secretary-General, which are expanding beyond business seminars to embrace multilingualism and promote women-owned and disability-inclusive businesses, as well as engagement with local chambers of commerce and other relevant organizations, and trusts that updated information on the results of these efforts will be included in the next report.

42. In his report, the Secretary-General explains that the Office has embraced a multilingual approach to registration and outreach, as demonstrated by the translation of the United Nations Procurement Manual into French and Spanish, the acceptance of registration applications and supporting documents in all six official languages and the translation of other forms and business opportunity advertisements (*ibid.*, para. 34). Upon enquiry, the Advisory Committee was informed that the

Secretariat would translate the Procurement Manual into the three remaining official languages with the availability of funding. **The Advisory Committee reiterates the paramount importance of ensuring the equality of the six official languages of the United Nations and recommends that the General Assembly request the Secretary-General to translate the Procurement Manual into the remaining three official languages, within existing resources, and provide an update in his next report (see also [A/76/7](#), para. 18).**

Regional procurement centres

43. In his previous report, the Secretary-General proposed that the General Assembly consider the feasibility of establishing a new regional procurement centre for information, knowledge and capacity-building in the Asia-Pacific or the Latin America and Caribbean region ([A/73/704](#), para. 47). Upon enquiry, the Advisory Committee was informed that, in view of the efforts and resources needed for COVID-19 response, that initiative had not yet taken place. For those regions underrepresented in terms of participation in United Nations procurement, the Enabling and Outreach Service continued to support local and regional offices in educating and empowering vendors through business seminars.

44. **The Committee notes that, although the initiative to establish more procurement centres has been under discussion within the Secretariat for years, it has not yet taken place, and expects that if and when the Secretary-General presents a related proposal to the General Assembly, the analysis on the placement, functions, measurable benefits and financial implications will also be included, as appropriate (see also [A/73/790](#), para. 16).**

IV. Accountability framework of the Office of Supply Chain Management

Performance and governance

45. The Secretary-General indicates in his report that 16 initial key performance indicators were included in the accountability framework for monitoring the exercise of delegated decision-making authority, including procurement-related indicators to encourage the use of long-term contracts and minimize exceptions to formal methods of solicitation. The indicators are reviewed, expanded and enhanced on a regular basis. Some entities under the delegation of authority framework do not have sufficient capacity to exercise procurement authority and rely on service providers. Of the more than 1,000 sub-delegations issued since 2019, 377 were active as at 12 November 2021. No delegations have been withdrawn or revoked owing to concerns about misuse of procurement authority. The revised delegation of authority instrument, informed by the lessons learned in the first three years of implementing the new framework and based on feedback and contributions by the policy and business owners and all entities, will be rolled out in 2022, in line with the commitment of the Secretary-General to continuous improvement ([A/76/613](#), paras. 56–58).

46. Upon enquiry, the Advisory Committee was provided with a list of 35 entities exercising delegated procurement authority and a list of service providers for entities not able to exercise such authority. As for inactive sub-delegations, the Committee was informed, upon enquiry, that the delegation of authority portal was the central repository of all the delegations of authority issued, both active and inactive. Inactive delegations were not deleted from the system, in order to ensure an audit trail, as well as for future reference or analysis. Over time, the number of inactive delegations of authority had surpassed the number of active ones. The delegation portal was a web-based application where user actions were registered and where delegations of

authority expired automatically once their expiry date was reached. Entities deactivated the procurement sub-delegations of staff members for three main reasons: (a) the staff members to whom the delegations had been issued no longer performed the function; (b) the procurement delegation needed to be revised, which happened if an error had been made or when a revised delegation replaced the old authority, which had subsequently been revoked; and (c) procurement delegations had been issued erroneously to staff members who did not meet the criteria. On a quarterly basis, the Business Transformation and Accountability Division of the Department of Management Strategy, Policy and Compliance monitored and notified the entities if they had issued delegations of authority without adequate procurement capacity, and immediately requested their revocation.

47. The Advisory Committee recalls the recommendation of the Board of Auditors regarding the timely launch of an expanded set of indicators to cover areas of identified risks related to delegation of authority, including the lack of segregation of procurement duties and the overuse of informal methods of solicitation (see also [A/76/554](#), para. 52). The Committee recommends that the General Assembly request the Secretary-General to provide detailed information and results of the expanded set of key performance indicators and the revised procurement delegation of authority instrument, along with lessons learned, in the context of his next report.

48. In his report, the Secretary-General provides information on the role of the Award Review Board, which provides an opportunity for unsuccessful bidders that participated in an eligible competitive procurement process resulting in an award greater than \$200,000 to challenge the award. From October 2018 to October 2021, the Registrar of the Award Review Board received 13 procurement challenges, of which five were considered receivable pursuant to the Board's terms of reference and reviewed by independent experts of the Board. In each of those five cases, the Under-Secretary-General for Management Strategy, Policy and Compliance decided, after a thorough review, to deny the challenges in their entirety, with no remedy offered. Of the eight procurement challenges that were not taken forward, one was withdrawn by the complainant and five were found to be not receivable because they had originated from a solicitation conducted by a procurement entity that was not participating in the Board. Two challenges were made by vendors that had not in fact participated in the relevant procurement process ([A/76/613](#), paras. 59–60). Upon enquiry, the Advisory Committee was informed that those cases did not relate to the exercise by United Nations officials of decision-making authority in the area of procurement and as such were not related to any aspect of the delegation of authority.

49. As for the membership of the Award Review Board, the Advisory Committee was informed, upon enquiry, that the Board secretariat maintained a roster of independent experts that had previously been approved by the Under-Secretary-General for Management Strategy, Policy and Compliance for appointment after an extensive search of procurement professionals with relevant backgrounds. The Registrar and the Board secretariat staff together reviewed the biographies and the curricula vitae of the experts on the roster and identified three experts based on their experience relevant to the procurement challenge in question and their experience in international procurement policy and practice, including the procurement activities of international intergovernmental organizations and in legal affairs. Following the identification of the three suitable candidates, they were contacted to ascertain their availability and willingness to serve on the Board. Depending on the complexity of the case in question, the Registrar might appoint a single expert or up to three experts.

50. In his report, the Secretary-General also explains the role of the Vendor Review Committee in making recommendations to the Under-Secretary-General for Management Strategy, Policy and Compliance concerning possible sanctions against

vendors and the reinstatement of vendors. From 1 January 2019 to 15 October 2021, the Committee reviewed 117 allegations of proscribed practices involving 32 vendors, which resulted in the Under-Secretary-General deciding to suspend 22 and remove 10 vendors. Other recommendations made by the Committee included censure and the referral of the cases to the Office of Legal Affairs for contractual remedies or to the Office of Internal Oversight Services (OIOS) for investigation. In addition, the Committee considered the reinstatement of vendors, resulting in lifted suspensions for three vendors. The model policy framework for vendor sanctions is a set of guidelines and policies that United Nations system organizations follow to sanction vendors in the United Nations Global Marketplace that have been involved in proscribed practices. The model policy framework allows United Nations system organizations to establish sanction procedures that meet each entity's specific needs while facilitating the harmonization of sanction efforts throughout the United Nations system. Over the reporting period, the Committee considered three cases related to the mutual recognition of sanctions imposed by another agency. The process of mutual recognition of sanctions will be further streamlined in the next revision of the Procurement Manual (*ibid.*, paras. 62–64).

51. Upon enquiry, the Advisory Committee was informed that the membership of the Committee was comprised of the Director of the Business Transformation and Accountability Division, or her/his officer-in-charge, who served as Chair; a representative from the Office of Programme Planning, Finance and Budget, who would also act as the alternate Chair in the absence of the Chair; a representative from the Department of Operational Support; and a representative from the Department of Economic and Social Affairs. The Ethics Office, OIOS and the Office of Legal Affairs might be called upon on an *ex officio* basis for consultation. The Committee was also informed, upon enquiry, that the independence of the Award Review Board secretariat was ensured, according to the Secretary-General, by separating it from the procurement function in the Department of Operational Support and locating it in the Office of the Under-Secretary-General for Management Strategy, Policy and Compliance. The independence of the substantive work of the Board was ensured through the appointment of independent procurement experts, who reviewed the cases and prepared detailed reports and recommendations for the final decision of the Under-Secretary-General.

52. The Advisory Committee was provided, upon enquiry, with a copy of the model policy framework and was informed that the document had been finalized in 2011. Given the amount of time that had elapsed since then, that document was currently under review by the Procurement Network of the High-Level Committee on Management. Regarding the consideration of the policy by the General Assembly, the Committee was informed, upon enquiry, that the Secretary-General, in his report to the Assembly at its sixty-seventh session on United Nations procurement activities (A/67/683, A/67/683/Corr.1 and A/67/683/Corr.2), had referred to the model policy framework in paragraphs 55 and 66. Following the deliberations on that report, the Assembly had adopted resolution 68/263, in which it requested the Secretary-General to submit a comprehensive report on United Nations procurement activities for consideration by the Assembly at its sixty-ninth session. The Secretary-General had provided the Assembly with updates in paragraph 57 of A/69/710. While the Assembly had adopted resolution 69/273 following deliberations on A/69/710, it had not made any reference in that resolution to the model policy framework. In his report to the Assembly at its seventy-first session on procurement activities in the United Nations Secretariat (A/71/681), the Secretary-General had referred to the model policy framework in paragraph 61. However, the Assembly had not adopted any resolution in response to that report. In his report to the Assembly at its seventy-third session (A/73/704), the Secretary-General had not made any reference to the model policy framework and the Assembly had not adopted any resolution in response to that report.

53. **The Advisory Committee reiterates its recommendation that the General Assembly request the Secretary-General to provide detailed information on the accountability framework for procurement and the model policy framework, including on the role of the Department of Management Strategy, Policy and Compliance in monitoring and evaluating the procurement function, in his next report (see also [A/73/790](#), para. 12).**

54. As regards the mutual recognition of sanctions, the Advisory Committee was informed, upon enquiry, that United Nations entities handled sanctions on an entity-to-entity basis. The sanctions decisions of entities were communicated to the rest of the United Nations system through the United Nations Global Marketplace, where vendors were marked accordingly. Once a vendor had been sanctioned, the focal points of all United Nations entities were notified about the sanction through the Global Marketplace. The Secretariat then took the action necessary regarding that particular vendor. The Secretariat further communicated the list of its sanctioned vendors to the Secretary of the Procurement Network of the High-Level Committee on Management.

Performance management and process guidance

55. In his report, the Secretary-General indicates that the Office of Supply Chain Management has issued a supply chain performance management framework, which introduces performance metrics that measure the overall health of the Secretariat's supply chain. The framework enables the analysis of key performance indicators for the Organization's supply chain and business process optimization through improved monitoring. The performance attributes and indicators included in the framework – namely, responsiveness, reliability, agility, cost and asset efficiency, and stock coverage – are based on the industry-standard Supply Chain Operations Reference model. The framework also incorporates a customized set of metrics to meet the Organization's unique requirements. Annex III of the report includes the performance results from 2019–2021 ([A/76/613](#), paras. 65–67 and annex III).

56. The Advisory Committee was informed, upon enquiry, that the Office had been developing and implementing performance assessment criteria and tools during its first three years of operation, which had been rolled out in spite of the challenges posed by the COVID-19 pandemic. In the meantime, OIOS and the Board of Auditors had already conducted audits (assessments) in different areas of supply chain management, including demand and source planning, aviation and procurement. Taking into consideration the newness of the new structure and the continuation of the COVID-19 pandemic, the Office intended to continue to measure and report on achieving the performance criteria over the next biennium, with the intention of conducting an independent assessment five years after the establishment of the Office, as part of the regular audit activities of the Board of Auditors or OIOS. The Committee was further informed, upon enquiry, that, in accordance with paragraph 19 of General Assembly resolution [74/256](#) and paragraph 20 of Assembly resolution [75/247](#), OIOS had conducted an audit of the implementation of post-employment restrictions for staff involved in the procurement process and issued its report ([A/76/139](#)). The Secretary-General's bulletin [ST/SGB/2006/15](#) on post-employment restrictions was in the process of being revised with the participation of staff from the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Ethics Office. **The Advisory Committee trusts that all recommendations of the Board of Auditors and OIOS are fully implemented and will be taken into account in the revised Secretary-General's bulletin. The Committee recommends that the General Assembly request the Secretary-General to continue assessing the performance of supply chain management and include detailed information in his next report.**

V. Goals of the Office of Supply Chain Management for the coming period

Transition from a linear to a circular supply chain

57. In his report, the Secretary-General indicates that a circular supply chain, including processes for the controlled return of assets into the supply loop, is required for an effective and efficient supply chain. The new strategic deployment stocks concept builds on this and proposes that these assets be returned from entities if they meet certain criteria, thus increasing availability and lowering costs for clients. Similarly, surplus consumables should be returned on the basis of residual value and remaining life expectancy. A circular supply chain is based on the philosophy of reducing, reusing, recycling and repurposing. Duplication exists between United Nations-owned equipment, contingent-owned equipment and local trucking companies, much of which may be avoided with an active return approach (*ibid.*, paras. 78–79). Upon enquiry, the Advisory Committee was informed that assets with a high acquisition value and a low rate of utilization (e.g. specialized heavy plant and firefighting equipment) would be subject to a periodic review against specific criteria, including but not limited to usage rate (if any), market value, operational cost, potential output and requirement for refurbishment. That would determine whether it was beneficial to the Organization to “return” those assets from their area of operation (a field mission) into a centralized stock and refurbish, upgrade or overhaul them, increase their “useful operational life” and reuse them in another mission. Early studies on “returned” assets from liquidating missions had indicated that there were considerable benefits in terms of cost avoidance, decrease of lead time for redeployment and reduced environmental footprint. The concept had been introduced as a return-refurbish-reuse (3R) programme and would be piloted in the coming period as part of the broader strategic asset management framework. Upon enquiry, the Committee was also informed that the initial group of assets under consideration comprised those with a high acquisition value and a low rate of utilization. There were currently some 680 assets with an acquisition value of above \$250,000 deployed globally in peacekeeping and special political missions. Those were considered to be high-impact assets based on high initial cost, low usage rates, cost avoidance and lead time reduction. Currently, a data collection exercise was being conducted based on assets and inventory from the liquidation of the African Union-United Nations Hybrid Operation in Darfur, given the availability of data throughout a mission life cycle. Expected costs would be determined in the coming period and it was planned that efficiencies would be tracked and presented to Member States in the next report.

58. The Advisory Committee recommends that the General Assembly request the Secretary-General to provide detailed information on the circular supply chain approach and the strategic asset management framework, including on measures to ensure clarity of funding lines, the financial implications, efficiency gains and cost recovery, in the context of his next report.

Revitalization of the concept of strategic deployment stocks

59. In his report, the Secretary-General indicates that strategic deployment stocks have two primary functions. One is the traditional function of stock for use in crises, and the second is to serve as a revolving fund to enable the Secretariat to act quickly to purchase essential goods on behalf of multiple entities with replenishment through charge-back (e.g. blood supply to field missions). In line with the requests from Member States for an update on the content, performance and future of strategic deployment stocks, and with the continued implementation of the new supply chain management paradigm across the Secretariat, a new concept of strategic deployment

solutions is under development. It will cover: (a) mission start-up and support; (b) disaster support; (c) public health crises; and (d) improved global asset management, including optimized cargo and freight distribution from centralized locations, and proper liquidation and disposal of items. Supply will be managed from the United Nations Logistics Base at Brindisi, Italy, through the following supply nodes: (a) strategic deployment stocks; (b) regionally deployed stocks; (c) vendor-managed inventory replenishment; and (d) direct procurement by the wider network of the Office. The Regional Deployment Stocks Support Cell at the Forward Support and Deployment Hub in the Regional Service Centre in Entebbe supports the development by the Logistics Base of the regional deployment stocks in Entebbe, producing efficiencies in particular through reduced delivery time (*ibid.*, paras. 80–82).

60. Upon enquiry, the Advisory Committee was informed that, in order to increase the rotation of materials in the strategic deployment stock and therefore reduce depreciation, obsolescence and inventory holding costs, it was proposed to offer access to various United Nations entities on the basis of three priority levels. The primary, and highest, priority level would be for the purpose of mission start-up and surge requirements in peacekeeping operations, followed by other Secretariat activities and operations. The second priority level would be for other agencies, funds and programmes, as long as there was no conflict with requirements for peacekeeping and other Secretariat activities. The third priority level would be for other partner organizations under service-level agreements (such as the African Union, the Economic Community of West African States, the European Union and the Organization for Security and Cooperation in Europe). Entities at the third priority level could access the strategic deployment stock if there was a formal agreement between the entity and the Secretariat and no conflict was found with the requirements for the other priority levels. A report on the concept of strategic deployment stock would be submitted in the context of consideration of the budget of the United Nations Logistics Base at Brindisi, Italy. **The Advisory Committee looks forward to the consideration of the report on the concept of strategic deployment stock, in the context of the budget of the United Nations Logistics Base at Brindisi, Italy.**

Re-engineering engineering

61. The Secretary-General explains that, in 2020, the Office delivered more than \$368 million of food and more than \$343 million of fuel, contracted as a strategic resource centrally and paid for on a per-unit basis. Conversely, the model for aviation, historically averaging more than \$400 million per annum, with its substantial risk and the safety of the tens of thousands of United Nations passengers at stake, is individually implemented and monitored by the Office, in close liaison with each client. The business area of facilities and infrastructure, which totalled more than \$340 million in 2020, has pockets of capacity and expertise dotted around Headquarters, the United Nations Logistics Base at Brindisi, Italy, and the field, making the delivery of engineering-related needs in the field missions challenging. The Office's engagement with several field missions has revealed a shared desire to refine and enhance the way in which the Office supports the engineering requirements of its clients. The Office plans to review how best to improve the delivery of engineering support services and to conduct a detailed examination of additional skills and capacities that may be required. The findings of this review and relevant recommendations will be included in an upcoming overview report (*ibid.*, paras. 83–84). Upon enquiry, the Advisory Committee was informed that the establishment of reliable, consistently specified, robust and field-focused vertical and horizontal infrastructure (from complete camps to offices, accommodation, roads, runways, bridges and drainage, among other things) and the provision of energy and both clean water and wastewater treatment in remote locations for international civilian and uniformed personnel often took too long. The current disparate agglomeration of engineering components between services at Headquarters and at Brindisi, and the

varying skill levels in the field, did not provide for sufficiently unified and responsive servicing of field engineering requirements. The Office would, over the course of 2022, undertake a review of engineering efficiency and capacity gaps and intended to submit proposals arising from that review in the context of upcoming reports. **The Advisory Committee looks forward to the report on the outcome of the review and trusts that it will include detailed information on associated structures, the review of roles and responsibilities, and financial implications, if any.**

Mainstreaming requests for proposals for aviation services

62. In his report, the Secretary-General explains that the time necessary to develop, solicit and complete a request for proposal for aviation services is longer on average than for an invitation to bid. Nonetheless, experience with requests for proposals for aviation services has shown that they often provide better value for money through enhanced international competition and a greater number of and more variation in offers received than is typical under the invitation to bid method for similar requirements. In the last two years, there have been requests for proposals for a standby air charter and for a strategic troop rotation with wide- and narrow-body aircraft. A total of five more requests for proposals, two concerning aircraft and three concerning unmanned aircraft systems, are under development. A comprehensive external review of the Secretariat's implementation of the request for proposal methodology was undertaken to identify lessons learned. The review emphasized that providing vendors with more detailed demand information, such as historical actual demand requirements, on a daily or weekly basis offers a much more nuanced picture of the fluctuations in demand and allows bidders a much more detailed appreciation of the range of and fluctuations in demand that would need to be supported in their proposed solutions. To address this data gap and ensure that all clients provide the level of detail needed, while backstopping those that cannot, the Aviation and Movement Cells of the Forward Support and Deployment Hub will work directly with the clients in providing this information, drawing on the tools at the Secretariat's disposal (*ibid.*, paras. 89–91).

63. Upon enquiry, the Advisory Committee was informed that the external review conducted in 2021 had concluded that the request for proposal methodology appeared to better reflect the four procurement principles of the United Nations than the invitation to bid methodology. In evaluating requests for proposals and invitations to bid against the United Nations procurement principles, the request for proposal methodology was found to better reflect the procurement principles of best value for money; fairness, integrity and transparency; and effective international competition. The external review had also concluded that, beyond the implementation of the request for proposal methodology, a major opportunity for the United Nations to improve its future procurements lay in more rigorous analysis and optimization of mission requirements. More specifically, the United Nations stood to benefit significantly from rigorously analysing the passenger and cargo demand patterns within and across missions and comparing alternative aviation scenarios (e.g. mix of aircraft, route patterns, flight frequency and operating hours) to identify optimal aviation logistical designs for each mission, which could incorporate cross-mission assets. The Committee was also informed, upon enquiry, that, in the time since the pilot and two subsequent requests for proposals had been conducted (2015–2018) for mission air assets, the Procurement Division, the Aviation Team and the Air Transport Service of the Logistics Division had conducted additional request for proposal exercises outside of the scope of mission air assets. Those requests for proposals had been considered successful and had built additional internal knowledge around conducting that type of procurement. Combined with the recommendations from the external consultant, such increased institutional knowledge would help improve the way future request for proposal solicitations were conducted. The goal was to optimize fleet configurations within and across missions, and the request for proposal

process was the most appropriate mechanism to help move towards greater optimization of air assets across the Organization. Currently, none of the active contracts for dedicated mission air assets had been established using the request for proposal methodology. All of the mission air assets contracts had been awarded using invitations to bid. The Committee had requested, but not received, a copy of the external review and information on the annual cost of a flight hour for each of the past three years under the invitation to bid methodology and for every year under the request for proposal methodology. The Committee was informed, upon enquiry, that, upon the request of a Member State for a copy of that external review, the Secretariat had engaged with the consultancy company and obtained, preliminarily, its consent. The company would redact the report to remove information that could compromise the fairness of the procurement process going forward, and a note would be added to reflect that this did not in any way affect the integrity of the report and the findings contained therein. The Secretariat was waiting to receive the redacted version.

64. The Advisory Committee recalls that, in its resolution [69/273](#), the General Assembly looked forward to information on the advantages and disadvantages of the practice of using both methodologies in the procurement of aviation services in the next report of the Secretary-General. In its related report, the Committee noted that the information the Secretary-General had provided in his report had been of a preliminary nature ([A/71/823](#), para. 28–29). The Committee recalls that, in his previous report, the Secretary-General had indicated that, in 2019, the Office would conduct a review of the request for proposal solicitation methodology for aviation services to identify lessons learned and opportunities to further streamline the process or achieve additional efficiencies ([A/73/704](#), para. 43). **The Advisory Committee notes that the report of the Secretary-General does not include sufficient information on the above-mentioned review and trusts that detailed information on the outcome of the review, which should provide further analysis and information on the advantages and disadvantages of using the two methodologies, will be included in the next report (see [A/73/790](#), para. 21).**

Aligning the supply chain with the 2030 Agenda for Sustainable Development

65. In his report, the Secretary-General explains that the 2030 Agenda for Sustainable Development will be incorporated into supply chain activities with a view to using local resources more responsibly and reducing the harmful impact of pollution and waste, launching in 2022 a new programme on the theme “Adding value to peace operations through the supply chain”. The programme seeks not only to mitigate the negative consequences of supply chain activity, but also to create positive contributions to local communities and the Sustainable Development Goals. In support of Sustainable Development Goal 5 (achieve gender equality and empower all women and girls) and target 12.7 (promoting sustainable public procurement practices), the Office has been working with WEConnect International, which provides access to a network of women-owned businesses in many categories, and the Elsie Initiative project, which is aimed at enhancing the participation and retention of women in field missions and improving the overall safety and security of staff in the field ([A/76/613](#), paras. 95–97).

66. Upon enquiry, the Advisory Committee was informed that the Secretariat supply chain could contribute towards achieving the 2030 Agenda by, among other things, encouraging local vendors to participate in United Nations procurement, allowing missions to source certain items locally within the existing procurement rules and regulations, continually investing in renewable energy, thereby saving the organization from reputational risk while building local capacity through training local staff, and improving waste management and wastewater treatment, which could contribute to sustainability in host countries. A study was currently being conducted by the Office to explore the opportunities to further align supply chain management

with the 2030 Agenda. The Committee was also informed that the Office provided technical expertise to all clients and supported the environmental strategy of the Department of Operational Support through the delivery of engineering-related sourcing solutions for the nine engineering categories, with a focus on innovative and sustainable options, including renewable energy and wastewater treatment. However, the Committee was also informed, upon enquiry, that the Secretariat's procurement policy and practices in the area of sustainable procurement were not aligned with those of the major agencies, funds and programmes. According to the Secretary-General, a number of organizations had already adopted sustainable procurement policies.¹ Upon enquiry regarding data on the sourcing of environmentally conscious services and products from developing countries and economies in transition, the Committee was informed that the Secretariat was not able to generate a data report that specifically identified those goods or services which were considered environmentally conscious. The Secretariat nevertheless gave a few examples of contracts awarded to some developing countries.

67. The Advisory Committee notes again that the General Assembly has not considered for approval the concept of environmentally friendly and sustainable procurement and has requested the Secretary-General to prepare a comprehensive report on the content of and criteria for such a concept, including its possible impact on the diversification of the origin of vendors and on international competition, including for developing countries and countries with economies in transition (see Assembly resolution [62/269](#), para. 33). The Committee reiterates its view that, in order for the Assembly to consider this matter, more work needs to be done by the Secretary-General on refining the understanding of the concept of environmentally friendly and sustainable procurement and how it can be applied in practical terms to the United Nations (see Assembly resolutions [69/273](#), para. 20, and [70/286](#) para. 31; see also [A/73/790](#), para. 30, [A/71/823](#), para. 32, and [A/69/809](#), para. 39).

VI. Conclusion

68. Subject to its observations and recommendations above, the Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.

¹ Including the United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Office for Project Services, the United Nations Population Fund, the World Food Programme, the World Health Organization, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, the United Nations Environment Programme, the secretariat of the United Nations Framework Convention on Climate Change, the World Meteorological Organization, the International Labour Organization and the Joint United Nations Programme on HIV/AIDS (UNAIDS).