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Chair: Ms. King (Vice-Chair) (Saint Vincent and the Grenadines)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 10.10 a.m.

Agenda item 149: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (continued)

United Nations Logistics Base at Brindisi, Italy
([A/71/689](#), [A/71/828](#), [A/71/836/Add.10](#)
and [A/71/798](#))

1. **Ms. Costa** (Director, Peacekeeping Financing Division), introducing the Secretary-General's reports on the budget performance of the United Nations Logistics Base at Brindisi, Italy, for the period from 1 July 2015 to 30 June 2016 ([A/71/689](#)), and the budget for the Base for the period from 1 July 2017 to 30 June 2018 ([A/71/828](#)), said that, in line with the global field support strategy, the Base had been reprofiled as the Global Service Centre. The Centre operated as a unified entity comprising the United Nations Logistics Base at Brindisi and the information and communications technology (ICT) facility in Valencia. It had incurred expenditure of \$67.1 million in 2015/16, representing a budget implementation rate of 99.9 per cent. The proposed 2017/18 budget amounted to \$88.3 million, an increase of 6.6 per cent compared with the approved resources for 2016/17, mainly attributable to the replacement of critical ICT equipment and higher requirements for maintenance of the Umoja enterprise resource planning system for all peacekeeping operations. The increase in Umoja-related costs was primarily attributable to services such as support and training for the continued deployment of functionality in the system, and the expanded global user base, 62 per cent of which was made up of peacekeeping missions.

2. During the 2017/18 period, the Global Service Centre would continue to provide services to peacekeeping missions in the areas of geospatial information systems and ICT services, as well as planning, sourcing, delivery and return functions, in line with the supply chain management strategy. The budget proposal included the establishment of an Environmental Technical Support Unit, with four new posts to address environmental engineering issues in support of peacekeeping missions, and the establishment of one post in the Justice and Corrections Standing Capacity to support field missions in planning and in project and programme implementation.

3. **The Chair**, drawing the attention of the Committee to the recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions on the budget performance of

the United Nations Logistics Base for the period from 1 July 2015 to 30 June 2016 and proposed budget for the period from 1 July 2017 to 30 June 2018 ([A/71/836/Add.10](#)), said that the related statement of the Chair of the Advisory Committee could be consulted on the website of the Fifth Committee.

4. **Ms. Mendoza** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the review and evaluation of strategic deployment stocks ([A/71/798](#)), said that the review had been conducted in response to a request by the General Assembly in its resolution [70/288](#) with a view to the Assembly taking a decision on the write-off and replenishment of strategic deployment stocks. The report was the joint product of the Internal Audit Division and the Inspection and Evaluation Division and could serve as a model for future collaboration between divisions on other subjects that lent themselves to a joint approach.

5. The rationale for the use of strategic deployment stocks had not changed since their inception in 2002; if anything, it had become more compelling. They were the primary source of assets during the start-up of all peacekeeping operations and stakeholders had praised many aspects of their performance. However, stocks were rarely delivered within the stipulated period of 30 to 90 days; many objectives in the planning assumptions were not met; sea and land transportation of strategic deployment stocks was time-consuming, albeit cost-effective; and missions lacked the initial capacity to install items.

6. A policy review in 2007 had expanded the concept of strategic deployment stocks to include support for multiple missions, including special political missions, until the missions were ready to sustain their own operations, and support for existing peacekeeping missions when justified by operational requirements. Strategic deployment stocks could also be issued to existing missions in order to rotate stocks which were at risk of obsolescence. Annual composition reviews therefore not only considered the needs with respect to mission start-up and expansion, but also focused on items that missions used more frequently in sustainment operations.

7. OIOS had not found any evidence that the level and size of strategic deployment stocks were reviewed on the basis of a proper analysis of annual demand or with the exclusion of items that had short procurement lead times. Greater use should be made of vendor-managed inventory to increase effectiveness and efficiency. Management structures for the stocks were

not effective and did not enable end-to-end service for rapid deployment. The finalization of system contracts was severely delayed, owing in part to limited technical proficiency in writing specifications. The clearing house policy, meant to ensure better utilization of existing stocks, was not effectively implemented and the United Nations Logistics Base had been unable to rotate to missions strategic deployment stocks with a value of at least \$1 million. Ultimately, the review showed a tension between the difficulty of predicting when new missions would start and the costs of keeping a permanent strategic stock, with the implied possibility of underuse and financial loss.

8. OIOS had made five recommendations, which included updating and revising the strategic deployment stocks concept in the context of supply chain management and ongoing initiatives affecting mission start-up; reviewing the current composition of the strategic deployment stocks to ensure that their level and size were based on start-up needs and were aligned with the concept of modularization, and that items with procurement lead times shorter than 90 days which were not components of modules were excluded; implementing measures to ensure that systems contracts for strategic deployment stocks remained current; implementing measures to reconcile, review and report on the write-off and replenishment of strategic deployment stocks on an annual basis; and reporting to legislative bodies the full details of the net transfer of strategic deployment stocks valued at \$16.7 million to the United Nations reserve and the United Nations Logistics Base inventory. The Department of Field Support and the Department of Management had accepted all of the recommendations.

9. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group shared the concerns of the Advisory Committee regarding the inconsistent recording of expenditures in budgeting and accounting, which had made it difficult to assess budget implementation and make comparisons over time. Underexpenditure in budget classes and the use of funds for unbudgeted purposes were also issues which affected the functioning of United Nations logistics services.

10. The Group took note of the recommendations of the Board of Auditors on the need to establish procedures to support and monitor missions' preparation of acquisition plans and the evaluation of mission requirements, and to develop a global acquisition plan and procurement strategy.

11. Recalling General Assembly resolution [69/309](#) and paragraph 5 of General Assembly resolution

[67/288](#), she reiterated the request for the Secretary-General to present a comprehensive study regarding the deployment of the Global Service Centre in two locations, including a detailed breakdown of the staffing in each location. She also took note of the comments of the Advisory Committee, in its report ([A/71/836/Add.10](#)), on the revised study and the two business cases provided by the Secretary-General. In informal consultations, the Group would seek further information on the study, so as to understand the implications of deploying the Service Centre in two locations.

12. The Group also wished to receive more information regarding the Service for Geospatial, Information and Telecommunications Technologies and its client missions, including resource requirements at the client missions, the status of outputs, the utilization of such outputs and the impact of the Service on mandate delivery.

13. The Group welcomed the restructuring of the Logistics Service — to be renamed the Supply Chain Service — which would make it better aligned with the supply chain structures of the Logistics Support Division of the Department of Field Support and the peacekeeping missions. In informal consultations, she would seek to understand the efficiencies to be gained from that initiative.

14. Recalling the related recommendation in the report of the Advisory Committee on cross-cutting issues related to peacekeeping operations ([A/70/742](#)), the Group looked forward to receiving clarification from the Secretary-General of the roles and responsibilities of various entities involved in air operations management for field missions, including the Strategic Air Operations Centre in Brindisi, the Transportation and Movements Integrated Control Centre in Entebbe and the Air Transport Section at Headquarters.

15. The Group welcomed the report and recommendations of OIOS on strategic deployment stocks and looked forward to updates from the Secretariat on that subject. It would also appreciate an update on the progress made towards achieving scalability models for the support account for peacekeeping operations, the Logistics Base and the Regional Service Centre, as requested by the General Assembly in its resolution [69/307](#). The Group continued to support the use of in-house capacities rather than external consultants.

The meeting rose at 10.30 a.m.