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## Fifth Committee

### Summary record of the 32nd meeting

Held at Headquarters, New York, on Tuesday, 19 March 2024, at 10 a.m.

*Chair:* Mr. Mahmoud. . . . . (Egypt)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Bachar Bong

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*Supply chain activities*

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*The meeting was called to order at 10.05 a.m.*

**Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations** (*continued*)

*Supply chain activities (A/78/679, A/78/767 and A/78/805)*

1. **Ms. van den Berg** (Assistant Secretary-General for Supply Chain Management), introducing the report of the Secretary-General on supply chain activities in the United Nations Secretariat (A/78/679), said that the Office of Supply Chain Management partnered with Secretariat entities to ensure that they could access the right goods and services, at the right place, the right time and the right cost. The Office's client base included peacekeeping and special political missions, offices away from Headquarters, regional commissions and all resident coordinator offices.

2. Describing the functioning of the supply chain, she explained that the planning stage involved ascertaining the demands of clients, across 40 categories of goods and services. Strategies had been developed for almost all categories, containing recommendations for which goods and services were most appropriate and how best to acquire them, whether through global, regional or local procurement, partnerships, letters of assist, or other means. The strategies informed vendor outreach priorities. Vendor outreach was intended to expand and diversify the pool of vendors that participated in solicitations.

3. Once the Office had ascertained the demand, it moved on to sourcing. The Office helped clients to undertake procurement, identified existing inventory, including reserve stock, recommended existing contracts under which clients could buy what they needed and, for the most strategic categories, carried out procurement itself. Delivery arrangements varied depending on the goods and the destination involved. The Office had established global freight forwarding contracts for use by its clients and, in some cases, it managed delivery on their behalf.

4. Contract management, warehousing, stock management and local transportation were managed by the client entities themselves. Once a product was no longer needed, the Office helped with its disposal or return, with a view to creating a circular supply chain, reducing costs and time, and increasing sustainability.

5. Looking forward, the Office intended to focus its resources on those categories of goods and services for which it could offer more value to clients by providing end-to-end solutions, as opposed to those categories

requiring bespoke solutions. In addition, the Office would further segment its diverse client base and ensure that the category strategies incorporated considerations that were relevant to those different segments. Lastly, the Office intended to further align supply chain activities with the 2030 Agenda for Sustainable Development. The Office's efforts in that regard would comply with the rules and regulations governing procurement.

6. **Mr. Bachar Bong** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/78/805), said that while the report of the Secretary-General provided a comprehensive overview of the activities of the Office of Supply Chain Management, more data and analysis relating to specific aspects of supply chain management, in particular, procurement in the United Nations Secretariat, were needed. Future reports should contain a more detailed analysis of changes in spending, in particular for the 10 major categories, including demand analysis by entity, taking into consideration the assessment of the replacement cycles of assets, where applicable, and explanation of variances for system and local contracts. The report of the Advisory Committee contained specific recommendations with regard to rationalizing spending under information and communications technology and air operations, two of the highest areas of expenditure.

7. The Advisory Committee recognized the merits of holding business seminars in developing countries and countries with economies in transition, with a view to further diversifying the vendor base, and expected that the Secretary-General would expand the beneficiaries of the seminars to include other countries with low participation in United Nations procurement, including least developed countries. The Advisory Committee further expected that the Secretary-General would continuously analyse the impact of organizing such seminars, through clearly defined indicators, including the volume of participation of vendors from those categories of countries in United Nations contracts, as well as client feedback, and report thereon in his future reports on supply chain activities.

8. The Advisory Committee recommended that the General Assembly request the Secretary-General to provide, in his next report on supply chain activities, an in-depth analysis of category management and a detailed explanation of its operational aspects, including the measures in place to ensure the segregation of duties and the expected costs and benefits. The Advisory Committee also recommended that the Assembly request the Secretary-General to include detailed

information on supply chain planning tools and their impact on the acquisition of services and goods. In addition, the Advisory Committee recommended that detailed information on the return, refurbishment and reuse programme, including its use, originating and receiving entities, the number and types of assets, refurbishment locations and the financial implications, such as related costs, cost recovery and cost avoidance and savings, be included not only in future reports on supply chain activities, but also in reports on financing the United Nations Logistics Base at Brindisi, Italy, the Regional Service Centre in Entebbe, Uganda, and the related missions. Given the importance of strategic deployment stocks, the Advisory Committee considered that the concept could be further refined and presented for the consideration of the Assembly.

9. The Advisory Committee continued to emphasize the need to intensify system-wide collaboration and cooperation on supply chain matters, including procurement, and recommended that the General Assembly request the Secretary-General to conduct an assessment of the opportunities and challenges of system-wide cooperation, without prejudice to the procurement principles of the United Nations, and provide updated information on the progress made in his next report. With respect to alignment with the 2030 Agenda for Sustainable Development, the Advisory Committee emphasized the need for consistency with the four procurement principles and trusted that detailed information on initiatives and activities in support of the 2030 Agenda would be included in the Secretary-General's next report.

10. Recalling resolution [75/242](#) B, in which the General Assembly had requested the Secretary-General to continue to strengthen accountability, oversight and internal controls, including in the areas of procurement and asset management across peacekeeping missions, he said that the Advisory Committee recommended that the Assembly request the Secretary-General to provide, in his next report, detailed information on the accountability framework for supply chain management and asset management, including the revised procurement delegation of authority and the key performance indicators, as well as the performance assessment of the supply chain.

11. **Ms. Ndiaye** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the audit of acquisition of aviation services in United Nations peace operations ([A/78/767](#)), said that the audit had assessed the adequacy and effectiveness of activities and controls in the acquisition of aviation services and had concluded that there was an adequate process in place for the

Organization to communicate its needs for military aviation services and for Member States to respond. Nevertheless, the efficiency and effectiveness of the management of acquisition of commercial and military aviation services could be further enhanced with more strategic and integrated planning, including assessing the benefits of investing in aviation infrastructure and finding the best mix of commercial and military aircraft to be deployed.

12. Most of the solicitation exercises reviewed by OIOS during the audit had attracted between four and six vendor responses, which was relatively low considering the value of the services being solicited. Commercial evaluation criteria for vendor registration needed to be reassessed and the technical evaluation process for the registration of air operators strengthened. OIOS had made six recommendations to the Department of Operational Support and two recommendations to the Department of Peace Operations to address the issues identified in the audit. Both departments had accepted the recommendations and had initiated actions to implement them.

13. **Mr. Ainomuhisha** (Uganda), speaking on behalf of the Group of 77 and China, said that the supply chain activities of the United Nations must be guided by the four procurement principles of best value for money; fairness, integrity and transparency; effective international competition; and the interest of the United Nations. The Group emphasized the importance of ensuring that least developed and developing countries and countries with economies in transition had equal access to procurement opportunities.

14. While the Group welcomed the information contained in the report of the Secretary-General, in particular with regard to vendor outreach and the distribution of procurement opportunities, the report did not contain an adequate level of detail, data and analysis on specific aspects of supply chain management and procurement. Considering that it had been almost a decade since the General Assembly had adopted a resolution on procurement, the Committee should have been provided with a more comprehensive and detailed report, in order to facilitate substantive discussions. Owing to the general nature of the information provided in the report, the Group was unable to evaluate vendor diversity and the amount and nature of goods and services sourced from developing countries. Considering that 10 commodities accounted for over 80 per cent of procurement spending, the Group looked forward to receiving information on the sourcing of those commodities.

15. The Group noted the implementation of the e-tendering solution in Umoja and the availability of the Procurement Manual in the six official languages. However, the number of vendor outreach events in least developed countries and countries with economies in transition remained low compared with outreach in industrialized countries. The Group reiterated the need for the Secretary-General to implement additional, innovative ways to promote and sustain procurement from those groups of countries.

16. The Group recalled that the Global Procurement Support Section, part of the Procurement Division, was housed in Entebbe. The Regional Service Centre in Entebbe should be utilized to a greater extent, including in the transition to a circular supply chain and the implementation of the return, refurbishment and reuse programme. The Group would seek further information on the efforts made to make full use of the Global Procurement Support Section.

17. With respect to the accountability framework for supply chain management, the Group called for the full implementation of the recommendations of the Board of Auditors. The Group reiterated the need for a detailed analysis of the request for proposal and invitation to bid methodologies, as requested by the General Assembly, and encouraged the Secretary-General to examine the overuse of informal methods of solicitation in both methodologies to identify risks of misconduct.

18. The Group noted the underperformance of the Department of Operational Support in the area of ensuring equitable geographical representation and called for targeted measures by senior leaders to meet the geographical targets contained in their compacts.

19. The procurement of aviation services was subject to the United Nations procurement principles, as affirmed by the General Assembly. The Group highlighted the need to ensure transparency and adopt a regional approach with a view to facilitating economies of scale. The Group was pleased that the recommendations made by OIOS had been accepted and looked forward to receiving information on the status of implementation of the recommendations.

20. **Mr. Chumakov** (Russian Federation), speaking also on behalf of Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, said that the next report of the Secretary-General on supply chain activities should be more substantive and detailed, rather than merely descriptive in nature, with improved analysis of the work carried out and planned in the area of procurement.

21. Emphasizing the need for greater transparency and accountability to Member States with regard to procurement and the activities of the Office of Supply Chain Management, he said that increased information-sharing on procurement would help suppliers of goods and services to better understand the logic underlying the Organization's procurement decisions and to compete more effectively. The Secretariat should adhere to the general procurement principles of best value for money; fairness, integrity and transparency; effective international competition; and the interest of the United Nations, as set forth in financial regulation 5.12.

22. To facilitate meaningful discussions, the Secretary-General should prepare a detailed report on environmentally friendly and sustainable procurement and its potential impact on the diversification of vendors and international competition, in particular for vendors in developing countries.

23. Expressing concern about recommendation 6 of the OIOS report (A/78/767), he said that the Secretary-General should provide a comparative analysis of the advantages and disadvantages of the request for proposal and invitation to bid methodologies. The external consultant study referred to in the OIOS report could not serve as the basis for increasing the use of the request for proposal solicitation method. Any discussion of expanding the use of that methodology was premature, given the lack of a cost-benefit analysis of both methodologies and the General Assembly's request, in its resolution 73/268 B, that the Secretary-General not implement the Board of Auditors' recommendations concerning the full implementation of the request for proposal methodology, as set forth in volume II of its reports to the General Assembly at its seventy-third session (A/73/5 (Vol. II)).

*The meeting rose at 10.30 a.m.*