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**UNHCR's supply chain management strategy**

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## I. Introduction

1. The provision of humanitarian relief items is one of the most critical aspects of UNHCR's care and maintenance programmes and emergency response operations.
2. The Supply Management Service (SMS) is the backbone of UNHCR's field operations in terms of the delivery of relief items. Its aim is to provide a rapid, intelligent and reliable supply to persons of concern in emergencies and in protracted humanitarian situations. The objective of SMS is to assure an initial delivery of relief items, emergency response supplies and equipment within 72 hours, to any corner of the world, in order to address the immediate needs of up to 600,000 persons of concern.
3. Following the independent evaluation of UNHCR's supply chain in 2008,<sup>1</sup> key changes were introduced in 2009 and 2010 to strengthen supply management and ensure a timely and effective end-to-end delivery. While significant progress has been made since 2009, efforts to enhance delivery to persons of concern are being pursued.
4. In 2010, the Office developed an improved supply chain strategy, using the principle of global stock management as a cornerstone, to further reinforce these efforts. Global stock management provides SMS with an overview of stocks worldwide through centralized ownership, thereby ensuring greater efficiency and reliability when supplying ongoing field operations. At the same time, global stock management provides the speed, flexibility and adaptability required of an emergency supply chain.
5. This note outlines the measures which will be undertaken by the Office in 2011 and beyond in order to ensure the full implementation of global stock management and further enhance the Office's supply capacity. It covers: a revised supply management structure; the strengthening of UNHCR's logistical network; enhanced planning and predictability; the use of "white stocks" with suppliers; a new approach to emergencies; and the Office's efforts to enhance the supply function in the Field.

## II. A revised supply management structure

6. The year 2010 was pivotal for the Office in the context of enhancing its supply management structures. Under the stewardship of the newly established Division of Emergency, Security and Supply (DESS), the Office finalized the restructuring of SMS into four distinct pillars:
  - Supply Operational Support Section (front office)
  - Supply Infrastructure Support Section (back office)
  - Business Support Section (analysis, policy development and business support)
  - Oversight Section (implementation of audit report recommendations, liaison with the Office for Internal Oversight Services (OIOS), and improved management practices and oversight)
7. Following a comprehensive and consultative review, an *Interim Plan of Action for 2010 to 2011* was developed, with five key imperatives to ensure an efficient and reliable end-to-end stock delivery system and to strengthen support to UNHCR field operations, as follows:
  - Building organizational commitment to supply chain improvement;
  - Developing a supply chain strategy for efficient end-to-end delivery;
  - Re-engineering supply chain business processes and management;

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<sup>1</sup> *UNHCR Supply Chain Management: Assuring Effective Supply Chain Management to Support Beneficiaries*, Fritz Institute, 4 November 2008.

- Designing and implementing tools for information analysis and performance management; and,
- Investing in training, career management and human resources discipline.

8. A number of processes, which were identified in the Interim Plan as necessary to address these imperatives, are already under way and these will be further strengthened in 2011. A new three-year Plan of Action, consisting of a roadmap with critical success factors, a set of priority actions and key performance indicators, will be finalized in 2011.

### **III. Strengthening UNHCR's logistical network**

9. A key component of the Office's strategy for supply management is the strategic positioning of its logistical hubs close to ongoing field operations, in conflict or disaster-prone areas, and areas facing particular logistical challenges. The goal is to serve the needs of the widest possible range of locations and ensure timely and cost-efficient delivery to persons of concern - both during emergencies as well as for ongoing operations.

10. With the objective of strengthening UNHCR's logistical network, a comprehensive review of its stockpile locations, including Dubai and Copenhagen and the regional logistical hubs in Isaka, Nairobi and Djibouti, was undertaken in the last quarter of 2010. A West Africa supply corridor with Douala as the hub is being established to reduce costs and increase the speed of delivery to 10 West African countries in the region. The Office is also establishing an additional hub in Amman and investing in the expansion of its regional hub in Isaka.

11. In addition, the Office will expand and diversify the pre-positioning of tents in strategic regional locations, thereby shortening delivery times by road or sea, while minimizing the costs of airlifts during an emergency.

### **IV. Enhanced planning and predictability**

12. Based on the global stock management system, the Office is enhancing its planning in terms of procurement and the distribution of relief items to persons of concern worldwide. This predictability is essential as it forms the basis for overall planning and allows the organization to capitalize on economies of scale, to predict and prepare for the needs of each field operation, and to ensure the reliable delivery of items to persons of concern.

13. To facilitate the global planning process, a distribution planning tool, along with an asset management and inventory reporting system, was developed by the Office in 2010.

14. In 2011, the Office will continue to review and revise its standard operating procedures and supply processes to assist each operation (regardless of size and location) to plan according to the operation's individual needs.

### **V. The use of "white stocks" with suppliers**

15. To complement the logistical network as outlined above, in 2011, the organization aims to make more strategic use of "white stocks" (i.e. stocks of relief items which suppliers keep for UNHCR at their premises without charge).

16. The commitment of suppliers to maintain "white stocks" will be reflected in Global Frame Agreements between the supplier and UNHCR. The stocks will only be released to the organization as and when required.

17. The mapping and systematic use of "white stocks" will shorten the time frame for replenishing relief items, in particular during an emergency, and thus extend the Office's supply capacity.

## **VI. A three-pronged approach to emergencies**

18. UNHCR's strategic target is to establish an optimum capacity to: (a) deliver relief items for up to 600,000 beneficiaries within 72 hours after an emergency has been declared and preparations for airlift have been completed; and (b) serve two or three emergencies in parallel, while continuing to meet the needs of ongoing operations in a timely and efficient manner.

19. The global stock management enables the Office to launch a three-pronged supply chain at the outset of an emergency: (i) airlifts, (ii) regional road and sea transport, and (iii) "white stocks" from suppliers based on Global Frame Agreements.

20. The three-pronged approach will provide the Office with: (a) the flexibility to scale up or down the supply depending on the needs of an emergency, or multiple emergencies; and (b) alternative sources to draw upon to ensure that emergency stocks are not depleted during the course of any one emergency response.

21. In connection with the three-pronged approach, the Office will also enhance its airlift capacity for emergencies. This will be facilitated by the strengthened strategic logistical network, as described above, with the objective of ensuring that there are sufficient air cargo facilities at the regional logistical hubs to dispatch air cargo from five different locations simultaneously, if necessary, and thus increase the number of flights that may be dispatched by UNHCR within a 24-hour period.

## **VII. Enhancing the supply function in field operations**

22. The Office will, in 2011, continue to invest in supply as a core function of its field operations by: (a) staffing supply positions with experienced personnel at the appropriate level of authority; and (b) involving them at all levels of the planning process, from the identification of needs to the distribution or disposal of assets.

23. The Office will continue to reinforce its support to field staff by designing and implementing a comprehensive training programme, creating and disseminating a toolkit for the Field, and revising and disseminating guidelines for supply staff.

## **VIII. Conclusion**

24. UNHCR will continue to keep the Standing Committee informed about new developments and results as the implementation of this new strategy progresses.

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