NEPAL

Nepal Issue Paper # 05

REIMBURSEMENT OF STRANDED COE BEYOND THE CONTROL OF TCC.

1. ISSUE PAPER THEME

Major Equipment

2. SUMMARY / BACKGROUND / PREVIOUS HISTORY

Troop-Contributing Countries (TCCs) invest substantial resources to support UN peacekeeping operations, including the deployment, replenishment, and return of major equipment under the COE system. In certain cases, Contingent-Owned Equipment (COE) may remain stranded in a mission area, during transit, or at staging or transfer locations due to circumstances entirely beyond the TCC's control. These situations may arise from unforeseen mission closures, strategic lift delays, natural disasters, political unrest, or security conditions that disrupt the planned movement of equipment for initial deployment, in-mission replenishment, or return.

Currently, reimbursement for COE under the COE Manual is generally tied to its operational use within the mission. Once the equipment ceases to be in service, reimbursement typically stops unless otherwise justified. However, when COE remains in transit or stuck at any phase of deployment through no fault of the TCC, the TCC continues to incur storage, security, or indirect maintenance costs despite having no operational use of the equipment and no control over the delay.

3. DETAILED PROPOSAL

It is proposed that Chapter 6 of the COE Manual be amended to include a specific provision allowing for reimbursement of COE that becomes stranded during any phase—deployment, replenishment, or return—due to factors beyond the TCC's control.

1. Eligibility Criteria:

- COE shall be considered stranded if it cannot proceed to or from the mission area due to UN-managed transport delays, border closures, civil unrest, or other verified disruptions.
- The equipment may be located within the mission area, in transit, or at designated staging points outside the mission area and must be documented as awaiting UN movement.

2. Reimbursement Method:

- Reimbursement shall be made at the applicable monthly dry lease rate for each affected item.
- The reimbursement period shall be limited to 90 days, extendable upon submission of detailed justification and UNHQ approval.

3. Verification and Reporting:

- The mission and/or UN logistics provider shall submit a report confirming:
- The reason and duration of the delay;
- That the TCC has fulfilled all deployment, replenishment, or return preparation requirements;
- The last verified location and condition of the equipment.

4. UNHQ Review:

- Reimbursement shall be authorized by UNHQ on a case-by-case basis.

- Extensions beyond 90 days must include a mission-endorsed justification outlining continued delays beyond TCC control.

4. FINANCIAL IMPLICATIONS

The financial implications of this proposal are expected to be limited and manageable. Since the reimbursement will be calculated using the standard monthly dry lease rate, there will be no need for new reimbursement structures or exceptional cost categories. The mechanism applies only in specific, verified cases where equipment is delayed due to uncontrollable external factors.

5. PROPOSED 2026 COE MANUAL TEXT

Section IV. X – Reimbursement for Stranded COE

If Contingent-Owned Equipment (COE) cannot proceed to or from the mission area as planned because of delays beyond the control of the TCC, reimbursement may be provided. This includes situations where the equipment is delayed during initial deployment, replenishment, return, or in transit. Reimbursement will be subject to the following conditions:

- **The delay must be verified and confirmed as not caused by the TCC.**
- **The equipment is documented as ready and awaiting UN movement.**
- **Reimbursement will be made at the applicable monthly dry lease rate.**
- **The reimbursement period shall not exceed 90 days unless extended with written justification and UN approval.**