



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY
AMBASSADOR CONROD HUNTE, DEPUTY PERMANENT REPRESENTATIVE
OF ANTIGUA AND BARBUDA TO THE UNITED NATIONS, ON AGENDA ITEM
126: REVIEW OF EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL
FUNCTIONING OF THE UNITED NATIONS: UNITED NATIONS
PROCUREMENT, AT THE FIRST RESUMED SESSION OF THE 62ND
SESSION OF THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New
York, 11 March 2008)**

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on agenda item 126 entitled Review of Efficiency of the Administrative and Financial Functioning of the United Nations: United Nations Procurement.

2. I would like to thank Mr. Paul Buades, Chief of the Procurement Division, for presenting the Report A/62/525 entitled "Comprehensive Report on UN Procurement Activities". Allow me also to thank Mrs. Susan McLurg, Chairperson of the ACABQ, for presenting the related report A/62/721.

3. I also would like to thank Mrs. Inga-Britt Ahlenius, the Under-Secretary-General for Internal Oversight Services (OIOS), for presenting the Report of the OIOS on the audit of the application of the best value for money principle in the United Nations procurement.

4. The Group of 77 and China has been very actively involved in the United Nations procurement reform. During previous negotiations, we have made proposals aimed at increasing efficiency, transparency and cost-effectiveness of the UN procurement. We have stressed the importance of strengthened accountability of the Secretary-General to Member States for the full implementation of legislative mandates on procurement. We have also supported the training in ethics and integrity for the staff, including at the senior levels.

5. The Group strongly affirmed that increasing procurement opportunities for vendors from developing countries is an integral and fundamental part of the United Nations Procurement Reform. Equal, fair and non-discriminatory access must be given to companies from developing countries. No procurement reform will be complete or effective without a significant increase in the procurement for vendors from developing countries.

Mr. Chairman,

6. In Resolution 61/246, the General Assembly noted that the report of the Secretary-General A/60/846/Add.5 on procurement reform focused mainly on strengthening internal controls and optimization of acquisition and procurement management. We also noted that other procurement reform measures will be presented in future reports. In the same resolution, the General Assembly made a number of additional requests, including in the areas of governance, internal controls, procurement management and procurement opportunities for vendors from developing countries and countries with economies in transition both at Headquarters and in the field.

7. The G-77 and China was expecting a report of the Secretary-General that would respond to the GA requests in its previous resolutions, including 61/246, 61/276 and 61/279. However, in the

report A/62/525, we noted that the Secretary-General focused again mainly in the strengthening of internal controls, optimization of the acquisition process and strategic management over UN procurement activities. In essence, the present report provides information on the procurement activities for the last 12 months. It also indicates that the Secretary-General will continue to provide "updates on the progress of the efforts of the Secretariat in reforming the United Nations procurement function".

8. The Group of 77 and China acknowledges that some progress has been made. We welcome the work done by the Procurement Division in implementing some parts of the reform agenda, in particular in the areas of training and the internal organization of different teams to support specific areas of the UN procurement. We also welcome the establishment of the "Vendor Registration and Management Team", which should promote the diversification of the origin of vendors among all Member States, including developing countries, simplify vendor registration, manage the vendor database and liaise with vendors. We look forward to receiving detailed information on the progress made in those areas.

9. Mr. Chairman, the Group of 77 and China regrets that many issues are still pending and are not in front of the General Assembly today, including in the area of governance; accountability; delegation of authority; coordination between the Department of Field Support and the Department of Management; independent bid protest system; and concrete proposals on increasing procurement opportunities for developing countries and countries with economies in transition. The Group of 77 and China wants to stress once again the need for a comprehensive report that takes fully into account the needs of the procurement in the field and at HQ. In 2006, it was said to us that an urgent and overall reform was needed. Many months later, as stressed by the ACABQ, there has not been an attempt by the Secretariat to review the policies and procedures in order to improve the procurement process in peace-keeping operations. We need to avoid a "piece-meal" or selective approach to procurement reform.

Mr. Chairman,

10. The Group of 77 and China welcomes the report of the ACABQ on the issue at hand. These are indeed very useful recommendations which will certainly help us to achieve progress during this first resumed session. We agree with the ACABQ that the Secretary-General must intensify his efforts to explore additional and innovative ways to promote procurement from developing countries and countries with economies in transition. We regret that as of October 2007, there were 987 registered vendors from developing countries and countries with economies in transition and 4,77 from industrialized countries.

11. The need for a comprehensive reform is indeed very relevant if we consider the events we have experienced during the 62nd session, in particular with regard the decision of the Secretary-General to utilize a single-source contract without competitive bidding, in the context of the Hybrid UN- African Union Mission in Darfur (UNAMID). In Resolution 62/601, the General Assembly requested the Secretary-General to take immediate action to supply goods and services in compliance with the established procedures for procurement, based on international competitive bidding and the widest possible geographical base of procurement. The GA also reaffirmed the need for the procurement system to be transparent, open, impartial and cost-effective, based on competitive bidding and fully reflecting the international character of the United Nations. We look forward to the comprehensive review to be undertaken by the Office of Internal Oversight Services of the use of the extraordinary measures for the Operation in Darfur as requested by the General Assembly in its Resolution 60/232.

12. We note with concern, in this regard, the handling of the this contract by the Secretariat both in the initial phase of the Mission and even recently according to the information we have been receiving on correspondences that are taking place on the same matter. We would like to receive clarification from the Secretariat on the information contained in an article in the publication "Inner City Press". We believe this is an opportunity for the Secretariat to presents its comments on this accusation, for the record, in a formal meeting.

Mr. Chairman,

13. The need for a comprehensive report on Procurement is also reinforced by the very important recommendations and observations of the OIOS in the report A/61/846 on the audit of the application of the best value for money principle in the United Nations. We endorse all the recommendations of the OIOS and appropriate action should be taken by the Secretariat help to change the perception among vendors in developing countries that they will not be competitive for bids using the "best value for money". We believe that the Report of the OIOS will certainly be useful during our deliberations and therefore we kindly request that a representative of the Office be present at the informal consultations.

Mr. Chairman,

With regard to procurement opportunities for vendors from developing countries, we would like to seek some clarifications from the Secretariat:

(i) - Why there have been more business seminars in industrialized countries than in developing countries in 2006 and 2007?

(ii) - It has been said that the percentage of UN procurement from developing countries and countries with economies in transition approximates to 53%. However, we would like to know what were the criteria used by the Secretariat to determine that percentage since the Secretary-General himself, in the Report A/62/525, while addressing the issue of limitations of statistical presentation, affirmed that the "United Nations faces difficulties in accurately reflecting the full extent to which developing countries actually benefit from the UN procurement opportunities". In addition, on many occasions, the Board of Auditors and the ACABQ have stressed the need for the Procurement Division to diversify the origin of vendors in the UN Procurement.

(iii) - Provide a list of the countries that were host to business seminars since the adoption of Resolution 61/246.

(iv) - Could the Secretariat provide information on the impact or direct link of business seminars with regard to vendor registration and the increase of the participation of vendors from developing countries in UN procurement?

Mr. Chairman,

14. The Group of 77 and China would like to receive more clarification on the concept of "green" or "environmentally friendly procurement". The General Assembly has not yet approved such a concept and we need a discussion on the criteria that the Secretariat will use for that purpose, before considering any budgetary proposal or amendments to the Procurement Manual. The Group is concerned about the possible implications of such a concept for the diversification of vendors from all regions, since companies could be arbitrarily denied for not being "green" enough. We cannot risk having the same problems we are facing with regard to the principle of the "best value for money", as indicated by the OIOS.

Finally, Mr. Chairman

15. The Group of 77 would like to reiterate that the reform agenda is determined by Member States, and not by the Secretariat. As member states we want to continue to determine the course of the UN procurement reform

I thank you..