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Finland's EU Presidency

Fifth Committee  
UNITED NATIONS

Agenda Items 47, 113, 116, 117, 122, 123, 124, 132 and 149:  
Procurement reform

Statement on behalf of the European Union

Ms. Katja Pehrman  
First Secretary  
Permanent Mission of Finland to the United Nations

New York, 23 October 2006

(check against delivery)

Mr. Chairman,

I have the honour to speak on behalf of the European Union.

The Candidate Country Turkey, a Country of the Stabilisation and Association Process and potential candidate Bosnia and Herzegovina and the EFTA country Iceland, member of the European Economic Area, as well as Ukraine and the Republic of Moldova align themselves with this declaration.

At the outset let me thank the JIU inspector Mr. Muhammad Yussuf for introducing the JIU report on procurement practices within the United Nations system (A/59/721) as well as the representative of CEB, Mr. Ken Herman, for the related note by the Secretary-General (A/59/721/Add.1). We also wish to thank the Procurement Service for the briefing on 5 October, which we found very useful. We look forward to discussing in more detail the reports on procurement reform (A/60/846/Add.5; A/60/904), which were introduced during the previous session.

Mr. Chairman,

Over the last two years, the value of procurement has significantly increased from \$1 billion to \$1.8 billion as a result of the unprecedented surge in peacekeeping operations. This expectedly has posed challenges to and put pressure on the procurement process. Given the need to enhance transparency and accountability in this regard, the European Union fully supports the measures to strengthen the internal controls. This will optimise UN acquisition and procurement management as well as improve strategic management of UN procurement, as has been proposed by the Secretary-General.

We welcome the various measures being taken to segregate duties and processes in order to avoid conflicts of interest and increase transparency and accountability. These measures will also help promote integrity and ethics within the Organisation. We hope every effort has been made to expeditiously issue the ethics guidelines for procurement staff in all the working languages.

Many important actions have already been implemented, such as financial disclosure of procurement staff, ongoing ethics and client service training for all staff in the Procurement Service and promulgation of Supplier Code of Conduct. Furthermore, the EU notes with satisfaction that tighter control on ex-post facto cases for review by the Committee on Contracts has been taken and that the implementation of best practices in industries to improve efficiency in the procurement process is ongoing.

We attach great importance to the risk management strategy and understand that the Procurement Service currently exercises measures to mitigate risks during the procurement process. We look forward to hearing more about the diagnostic tools

designed to identify anomalies in procurement transactions as well as the current level of collaboration on procurement within the UN system. We are also interested in hearing about efforts made to clarify the organisational structure and to enhance internal controls.

As we have stated before, the Procurement Service should have adequate resources to implement the measures underlined above. In this regard, we regret that the temporary nature of the GTA posts authorised by the General Assembly earlier in the year meant that it has been hard to fill them and take this important work forward. The EU believes permanent resources should be committed, where appropriate, in support of the objectives of procurement reform. Furthermore, we are interested in hearing more about the development of a formal training policy and additional funding requirements in this regard.

The EU looks forward to having a constructive dialogue on the procurement reform with all of our colleagues.

Thank you, Mr. Chairman.