



STATEMENT PRESENTED IN THE FIFTH COMMITTEE

by

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ON BEHALF OF THE RIO GROUP

on

**AGENDA ITEM NO. 149:
PROCUREMENT REFORM and
PROCUREMENT PRACTICES**

**Sixty-first Session of the
United Nations General Assembly
New York**

OCTOBER 23, 2006

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Mr. Chairman,

I have the honour to speak on behalf of the Member States of the Rio Group: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, the Bolivarian Republic of Venezuela and Guyana.

Our Group wishes to associate itself with the statement delivered by the Distinguished Representative of South Africa, on behalf of the Group of 77 and China.

The Rio Group wishes to thank the Controller, Mr. Warren Sach, for introducing the report of the Secretary General Investing in the United Nation: for a stronger Organization worldwide: detailed report, Addendum 5, on procurement reform, and Mr. Rajat Saha, Chairman of the Advisory Committee on Administrative and Budgetary Questions for presenting the Committee's related report. We also thank Ms. D. Wynnes, for introducing the report of the Joint Inspection Unit on Procurement practices within the United Nations system, and the representatives of the Chief Executive Board for introducing the report on the comments of the Secretary-General and those of the CEB on the JIU report.

Mr. Chairman,

Procurement reform has become a very prominent issue in the United Nations Organization. The Rio Group considers it necessary to continually improve the procurement system in tandem with the growing complexity and the size of the operations undertaken by the United Nations. The United Nations must have a procurement system that is expeditious, reliable and inclusive. It must be expeditious in order to serve the growing needs of this Organization in a timely manner, especially in the field. It must be reliable in order to guarantee that resources are not wasted through misuse, fraud or corruption. The system must also be inclusive in order to ensure the participation of vendors from all countries. In this regard, it is critical that developing countries and economies in transition also have access to the system.

The Rio Group welcomes the report of the Secretary-General as a positive contribution toward the efforts to improve the procurement services of the Organization. With regard to the specific proposals, the Group takes note with appreciation of some measures to promote integrity, transparency and ethics in the work environment. We welcome the establishment of the Ethics Office, and the implementation of the whistleblower protection policy and of ethics training for all procurement staff. Other proposals, such as the supplier code of conduct and the independent bid protest system, while positive, require a more careful discussion on the details of their implementation.

The Rio Group considers some of the proposed measures on management of procurement staff, such as mobility, rotation, and training to be valuable indeed. It should be highlighted, however, that the career development framework for procurement staff must take into account the discussions that are being undertaken on the overall human resources reform of the Organization. We would also like to underline that the ACABQ report identified a conflict between the proposed ethics guidelines for procurement staff and staff rules and regulations. The Group wishes to call for the resolution of this situation and the issuance of the ethics guidelines in all United Nations official languages at the earliest time.

The Rio Group welcomes the revision of terms and conditions for tenders. It is of utmost importance that they are transparent, consistent, and non-discriminatory. We also appreciate the strengthening of the Vendor Review Committee and of the vendor roster, as we consider these

important measures for the planning and evaluation of the procurement process. In this regard, it is vital to underline that planning and coordination are indispensable for an efficient and effective procurement system. It reduces costs and eliminates the need for exceptions. This is a very clear and straightforward issue. We note with concern that, despite repeated indications by various evaluators over the years, this situation has not been properly addressed before. We would like to see this thoroughly addressed this time.

Mr. Chairman,

The Rio Group believes that a considerable part of the problem with the procurement services lies on its governance structure. We advocate that an efficient and effective procurement system should mix clear delegation of authority, especially in the field, and proper oversight, with accountability resting with the delegating authority. We likewise call for coordination between the Department of Management and the Department of Peacekeeping Operations, and wait for the results of the working group for Organizational structure, in accordance with Resolution 59/288. Another critical issue is the enhancement and integration of the information system on procurement, taking into account replacement of IMIS with ERP. In this regard, we look forward to the detailed discussions on Information and Communication Technology when the report of the Secretary-General is submitted in the 61st session.

The Group would like to discuss further some of the recommendations of the report during the informal sessions. Concerning the lead agency concept, the Group would like to remind that, notwithstanding the apparent benefits of its use, there is still no General Assembly legislative mandate to implement it. We concur with the ACABQ recommendation that the Secretariat should further develop the concept, including by evaluating the ability of prospective vendors to meet those needs in a timely and cost-effective manner. The best value for money principle also raises some questions and we would like to examine some details about its implementation. The Group has serious concerns about the use of this principle as a restrictive measure against vendors from developing countries and economies in transition.

The Rio Group attaches great importance to the issue of improving procurement opportunities for companies in developing countries and economies in transition. The Group welcomes the seminars used to promote United Nations procurement in developing countries. Nevertheless, we believe that the Secretariat should find additional methods to achieve this goal and would like to see some concrete measures in this regard. The Group also notes with concern the ACABQ's request for further details on the statistics used to measure the data on procurement for developing countries. It may well be that the current imbalance between purchases from developed and developing countries could be even larger than presented in the report.

Mr. Chairman,

The Under Secretary-General for Peacekeeping Operations, in his address to the Forth Committee last week, regarding the status and progress of United Nations peacekeeping, stated that "there is no area in greater need of reform than procurement". We agree with Mr. Géhenno. We believe this is a fundamental part of the management reform of the Organization, and, therefore, look forward to constructive discussions on the issue during the 61st session.

Thank you, Mr. Chairman.