

# STATEMENT BY THE DELEGATION OF INDONESIA ON BEHALF OF THE GROUP OF 77 AND CHINA IN THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY ON THE ISSUE OF THE UNITED NATIONS PROCUREMENT REFORM AND OUTSOURCING PRACTICES

New York, 11 March 1998

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on the issue of the United Nations procurement reform and outsourcing practices.

2. Let me first express our appreciation to the Under-Secretary-General for Management for his informative introduction to the reports of the Secretary-General on procurement reform in the United Nations Secretariat. Let me also express our appreciation to the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for the insightful comments of the Committee he has submitted on the issue now before us. We would like also to thank the Under-Secretary-General for Internal Oversight Services and the Vice-Chairman of the Joint Inspection Unit for introducing their respective reports.

Mr. Chairman,

3. The Group of 77 and China attaches great importance to the issue of procurement reform in the United Nations. We believe that such reform is important to ensure the efficiency, cost-effectiveness, transparency, and competitiveness of the procurement process as well as to make it responsive to the needs of the Organization. We therefore note in paragraph 44 of report A/52/534, the Secretary-General's full commitment to reforming the United Nations procurement system and to ensuring full compliance with the regulations, rules and established procedures.

Mr. Chairman,

4. Let me now make the following specific comments on the ongoing procurement reform process:

5. First, as to the procurement manual, the Group of 77 and China regrets that despite repeated requests by the General Assembly, the revised procurement manual has not yet been issued. We would therefore like to emphasize that the manual should be issued without further delay, as stated in the report A/52/534 in accordance with General Assembly resolution 51/231.

6. Furthermore, as recommended by the ACABQ in paragraphs 8 and 9 of its report A/52/7/Add.3, the Secretary-General should submit specific proposals for revising and amending the Financial Regulations and Rules as early as possible, to the ACABQ and the General Assembly.

7. As to the guidelines on methods for the invitation to bids, we note that General Assembly resolution 51/231 requested the Procurement Division to establish detailed guidelines on the methods for invitation to bids which covered all aspects of procurement, including open tendering. In this regard, we expect that the guidelines will be finalized by the end of March 1998 as reported in the OIOS report A/52/813 so that they can be considered by the Fifth Committee through the ACABQ.

Mr. Chairman,

8. On the supplier roster, while we appreciate the Secretary-General's efforts in establishing a supplier roster on as wide a geographical basis as possible, we note with concern that, as of 27 October 1997, only about 141

companies out of the 2,027 registered and 962 provisionally registered suppliers in the Procurement Division were from the developing countries. Therefore, we would like to underline that efforts should be enhanced to include potential vendors from the developing countries so as to increase their representation in the bidding for contracts, as called for by the General Assembly resolution 51/231.

9. We are also of the view, that in order to balance the geographical base of supplier roster in the procurement system of the United Nations, to introduce the provision that among qualified vendors, preference should be given in the award of contracts for the procurement of goods and services to vendors from developing countries.

10. We note that, as of 15 July 1997, the Procurement Division has had a home page on the Internet through which information on the supplier application forms can be obtained electronically. In this regard, we propose that the invitations for bidding be made available on the same date of their publication in print and in other electronic media and be sent together with the relevant details to all permanent missions, consulates and trade missions in New York and also disseminated through the United Nations Information Centre on a priority basis.

11. We further note that the staff of the Procurement Division, owing to budgetary constraints, are unable to travel away from Headquarters unless invited by Governments or organizations at no cost to the United Nations. In this regard, we believe that it is very important to provide the necessary resources from the UN budget so that the staff of the Division could attend seminars and exhibitions so as to ensure that equal opportunity is given to vendors from member states, particularly the developing countries.

Mr. Chairman,

12. On the inventory, the Group of 77 and China recalls that General Assembly resolution 52/220 requested the Secretary-General to maintain the proper inventory records for all United Nations assets. In this regard, we would like to underline the need to maintain the inventory in accordance with Rule 110.25 and 110.26 of the Financial Rules of the United Nations.

13. As to the ex-post-facto approval, the Group of 77 and China, while appreciating the reduction in ex-post-facto cases, would like to underscore that the number of such cases should be further reduced with better procurement planning and annual consolidated procurement plans. The approval of contracts on ex-post-facto basis should be kept to the minimum with full justification for each such case.

14. On the exigency, we note that additional efforts are being made by the Secretary-General to refine further and to prepare a list of exigency situations. As stated in the Secretary-General's report, the elaborated list of exigencies should be ready by March 1998.

15. On the statistics, we would like to recall that General Assembly resolution 51/231 requested the Secretary-General to expedite efforts to develop a single format for the provision of data and a common reporting system for procurement undertaken in the field and at Headquarters under the responsibility of the Secretary-General.

Mr. Chairman,

16. The Group of 77 and China would like to recall General Assembly resolution 51/243 on gratis personnel provided by governments and other entities. In this context, the General Assembly decided by its resolution 52/220, para. 100, that all procurement-related functions should be performed by United Nations staff. In this regard, the Group of 77 and China notes the statement by the Under Secretary-General for Management that gratis personnel from the Procurement Division will be phased out by July 1998. The phasing out of gratis personnel from the Procurement Division should therefore not be delayed beyond July 1998 as stated by the

17. On the implementation of General Assembly resolutions, we would like to receive information on the status of implementation of paragraphs 18 and 37 of General Assembly resolution 51/231 which is due for consideration by the General Assembly at its fifty-second session.

18. The Group of 77 and China emphasizes the need to fully implement the provisions of regulations and rules regarding open tender. The Procurement Division should comply with the Board of Auditors recommendation that all major procurement bids should be publicly opened and the time and place specified in the invitation to bid.

Mr. Chairman,

19. Let me now finally turn to the issue of outsourcing which is also important to the Group of 77 and China and which has long been in practice in the United Nations. In this context, we would like to underline the need to have a defined policy as well as norms and regulations on outsourcing formulated as soon as possible. Only by doing so, we believe, we can avoid the situation of undermining the ability and role of the international civil servants to effectively implement the activities of the Organizations. It is in this context, the Secretary-General should establish and submit a roster of contractors along with an evaluation of their performance to member states for its consideration so as to make the outsourcing practices more transparent taking into account the interests of the developing countries including those of the LDCS.

Thank you.