



Report on Procurement activities in the UN Secretariat

Introductory statement to the Fifth Committee

by

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Madam Chair, distinguished delegates,

I am pleased to introduce the Secretary-General's report A/71/681 on Procurement activities in the United Nations Secretariat. This report follows the General Assembly (GA) resolution 69/273 and requests the GA to take note of developments in various procurement areas such as the impact of Umoja on the procurement process, different solicitation methodologies in the acquisition of aviation services, and an assessment of the pilot project for electronic tendering. Furthermore, the report provides an update on the development of the Award Review Board and the Vendor Review Committee, details the intensified efforts to promote procurement from developing countries and countries with economies in transition and provides an update on regional procurement activities.

Procurement across the United Nations system as a whole has increased over recent years. In 2014, the overall procurement volume increased to \$17.2 billion from \$16.1 billion in 2013, and it increased further, to \$17.6 billion, in 2015. Comprising around 18-19 per cent of the total United Nations system, the procurement volume of the Secretariat was just under \$3.0 billion in 2013, \$3.2 billion in 2014 and \$3.1 billion in 2015. First estimates indicate a procurement volume in the Secretariat of about \$3.2 billion for 2016.

The Procurement Division in the Office of Central Support Services is the largest and most experienced procurement organization in the United Nations system and, beyond its critical support for the acquisition of goods and services at Headquarters, it plays a vital role as a strategic partner of

the supply chain for peacekeeping and special political missions, offices away from Headquarters, tribunals and regional commissions. This role needs to be strengthened as we move forward.

Accordingly, my Office and the Department of Field Support (DFS) will work closely together to ensure that the supply chain management strategy not only meets DFS' needs, but also satisfies the operational requirements of the entire Secretariat worldwide. While efficiency, responsiveness and agility are key to successful supply chain management, the strategy must also ensure that necessary controls and strong governance are built in. One such fundamental control is the principle of segregation of duties in the procurement function, which is not only a core principle of public procurement but is essential to protect the Organization from the risks associated with fraud and corruption. We will continue working under the scrutiny of oversight bodies, such as OIOS, the Board of Auditors (BOA) and the Joint Inspection Unit (JIU). But our commitment to ensure professionalism and integrity in our work goes further. In this regard, we are pleased to note that from the beginning of 2016, the Award Review Board (ARB) expanded its coverage to include offices away from Headquarters (in other words, UNOG, UNON and UNOV). The Procurement Division also continues to offer training courses to procurement, requisitioning and contract management offices and promotes ethical standards internally and with the vendor community.

The implementation of Umoja, the enterprise resource planning system, has been a major milestone for the organisation, including for procurement. Umoja removes location-based operational barriers, allows for harmonized processes and enables reporting and real-time management of procurement activities regardless of location. The strategic direction of procurement in the Secretariat will be aligned with the objectives of the global service delivery model, thereby leading to a strong procurement organization and, as a result, realise the potential benefits made possible by Umoja and other reforms. In this context, my Office is reviewing, in close consultation with clients and stakeholders, adjustments to the governance framework, organizational structure and distribution of procurement offices worldwide, to ensure we meet our clients' needs as efficiently as possible.

A UN procurement organization with regional hubs, performing procurement functions for the relevant missions, but with flexibility to assist with demands more broadly, together with a realignment of resources to match workloads, would better serve the Organization's interests. One step towards this end and an early indicator of the potential benefits of consolidation has been the governance adjustments for procurement activities at the UN Office at Nairobi (UNON). While harmonizing and aligning procurement processes, it was agreed to channel all procurement and financial transactions of the UN Environment Programme (UNEP), the UN Human Settlements

Programme (UN-Habitat) and the Office for the Coordination of Humanitarian Affairs (OCHA) through Umoja. To meet the needs, delegations of procurement authority were increased, the vetting of procurement cases by the Local Committee on Contracts (LCC) reduced and processes simplified. A similar model to that put into place for UNON, which has resulted in better client satisfaction and improved delivery of procurement services, could now be implemented in UNOG and UNOV.

The Procurement Division initiated an e-tendering pilot project in 2014 with a number of Requests for Quotation (RFQ) solicitations. Procurement offices in Geneva and Brindisi and select units in New York have been using the e-tendering solution since that time. Extensive outreach to and surveys of the vendor community have revealed a generally positive reception of the new system. Further steps include a selective use of e-tendering for Invitations to Bid (ITB) and Requests for Proposal (RFP) and the roll-out to other procurement units of the Division.

Ensuring access to business opportunities for vendors from developing countries and countries with economies in transition remains a high priority for the Organization. The Report notes that both the number of registered vendors and actual procurement spend from non-industrialized countries have increased substantially over recent years. The introduction of basic-level vendor registrations and the support provided by the Regional Procurement Office (RPO) to vendors in East Africa and beyond has helped facilitate such increases.

In the context of continuously improving procurement practices to align with industry standards, the Secretariat is pursuing a number of initiatives in key areas of its operations. The transition in solicitation methodology in the procurement of long-term aviation services and the after-sales support in vehicles contracts are just two examples. With the aim of introducing to UN officials new products, ideas, designs, concepts and technologies that can be used to meet field requirements, the Procurement Division, in cooperation with the Department of Field Support, has successfully conducted technology fairs and stands ready to continue such initiatives.

Finally, the Report notes that in September 2015 Member States adopted the 2030 Agenda for Sustainable Development, including target 12.7, to promote public procurement practices that are sustainable, in accordance with national policies and priorities. In this context, the Secretariat is reviewing efforts to reduce its negative environmental impact, including through the use of more energy-efficient infrastructure and transport, increased use of renewable energy, and improved waste management systems. In line with the mandate it has received, the Secretariat will also submit to the General Assembly at its seventy-first session an action plan with the specific goal of

achieving a United Nations that, within existing procurement rules and policies, does not, through its operations or facilities management, have a negative impact on the climate, to be reached as soon as possible or by 2020.

Thank you, Madam Chair and distinguished delegates. The Secretariat stands ready to respond to any questions at the informal sessions with member countries.