

United Nations  Nations Unies

**Agenda item 135**

**Review of the efficiency of the administrative and financial functioning of the United Nations**

**Report of the Secretary-General on Procurement activities in the United Nations Secretariat (A/73/704)**

**FIFTH COMMITTEE**

Statement by

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Madam Chair,

Distinguished delegates,

I have the honour to introduce the report of the Secretary-General on procurement activities in the United Nations Secretariat (A/73/704), which was prepared pursuant to General Assembly resolution 72/266 B on shifting the management paradigm in the United Nations and the report on procurement activities by the Advisory Committee on Administrative and Budgetary Questions (A/71/823).

This report provides an update, from the procurement perspective, on the progress made so far in establishing a global, integrated end-to-end supply chain for the United Nations in alignment with the Secretary General's management reform. The newly established Office of

Supply Chain Management in the Department of Operational Support now includes the Logistics Division, the Procurement Division, the Uniformed Capabilities Support Division and the Enabling and Outreach Service, forming the Organization's integrated supply chain and a 'single point of entry' for uniformed capabilities support.

The report highlights the Secretariat's new procurement management strategy and its key priorities which, among others, include (1) efficient, agile, client-oriented and accountable procurement operations, (2) increasing access to the UN procurement market, (3) professionalizing procurement, (4) improving transparency and risk management, (5) cooperation within the UN system, (6) e-procurement, (7) innovation and finding alignment with sustainable development agenda.

#### (1) Efficient, agile, client-oriented and accountable procurement operations

The Secretary-General is committed to building a 'blue chip' procurement function that clients will seek out not because they are required to use the service, but because of the value that it brings in helping them meet their mandates. The new Office of Supply Chain Management will provide different supply chain solutions for different situations while driving innovation, process improvement, and talent development. The consolidation of logistics and procurement functions under a single entity provides a unique opportunity to enable high quality and timely service delivery and a heightened and holistic client response.

#### (2) Increasing access to the UN procurement market

The Procurement Division continues to place a high priority on increasing access to the United Nations procurement market, in particular for small and medium sized vendors from developing countries and countries with economies in transition. Measures already undertaken

have led to a significant increase in the share of procurement by suppliers from developing countries and countries with economies in transition (61% in 2017) and additional measures are in the process of being rolled out.

### (3) Professionalizing procurement

Professionalising procurement is critical to the Organization's procurement strategy and makes for a high-performing procurement function. It is our intention to ensure professional accreditation for all procurement staff by early 2021.

### (4) Improving transparency and risk management

The report outlines the measures being implemented in order to maintain and strengthen internal controls in the area of procurement, an area recognized as being of elevated risk. The Secretariat has adopted a multi-layered approach that, in addition to governance and risk management, includes a mandatory professionalization program and an extension of the independent post-award review of the UN's procurement process. Special emphasis is also being placed on developing the multilingual capabilities of the organization's procurement system.

### (5) Cooperation within the UN system

In the spirit of the "One UN" initiative, the Secretariat is keen to extend its cooperation with other United Nations organizations so as to reduce duplication and achieve greater efficiencies. In line with best practices, the Secretariat is currently in a lead role to establish a fully comprehensive category management strategy that will maximize long-term value for the Organization.

### (6) E-procurement

The Procurement Division will introduce e-tendering in 2019 as the standard for all tender exercises conducted throughout the Secretariat while allowing for exceptions where necessary to ensure that vendors from all regions have adequate access to United Nations procurement opportunities. The benefits of e-tendering, to name but a few, include saved time, reduced administrative burden and lowering of costs for both the Organization and our commercial partners.

(7) Innovation and finding alignment with sustainable development agenda.

Delivering on innovation and finding alignment with the sustainable development agenda is undoubtedly critical for the United Nations' procurement operations if the organization is to 'walk the talk' and play a meaningful and credible role going forward. The goal is not to be exclusionary but to contribute to stimulating a culture and environment that allows for a more systematic assessment of environmental impact and encourages market readiness. The Secretariat is committed to further mainstream sustainable considerations into the procurement process in full compliance with the UN's Financial Regulations and Rules and in conformity with the resolutions of the General Assembly.

With a new integrated end-to-end supply chain management approach and a clear procurement strategy, the Procurement Division in close collaboration with its partners in the Logistics Division will continue to efficiently and effectively manage strategic, complex and high-value procurement activities on behalf of the Organization. In this context, the implementation of category management will enable the Secretariat to focus on supply market capabilities. Market-specific strategies will be developed by multi-functional teams whilst retaining separate functional reporting lines so as to ensure the necessary segregation of duties. In order to reflect its broader

client base resulting from the management reforms and the global nature of category management, we are recommending that the Regional Procurement Office in Entebbe be renamed as the Global Procurement Support Section.

The report also describes a number of initiatives and process changes associated with the new delegation of authority framework that has been rationalized to bring decision-making authority closer to the point of delivery. Decisions made under the new delegation framework will be supported by streamlined and simplified processes and greater accountability. The Business Transformation and Accountability Division in the Department of Management Strategy, Policy and Compliance will monitor the proper exercise of delegation based on a clear accountability framework. Effective communication and liaison between the two departments will ensure that policy, internal controls and operations are closely interlinked.

A new Administrative Instruction currently being finalized by DMSPC will emphasize the policy framework and procurement principles. An updated, simplified and streamlined Procurement Manual will take into account the latest best practices in public sector procurement, lay out operational guidance to assist the organization's procurement professionals in being agile and responsive to their clients' needs while at the same time ensuring the organization receives best value for money.

The current report of the Secretary-General on procurement activities in the United Nations Secretariat (A/73/704) demonstrates the commitment of the Secretary-General to improving the efficiency and effectiveness of the procurement function of the Secretariat while also strengthening transparency, internal controls and accountability.

Madam Chair, distinguished delegates, thank you. My colleagues and I stand ready to provide further clarification and to answer your questions.