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at 10 a.m.
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SUMMARY RECORD OF THE 60th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative
and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 130: FINANCING OF THE UNITED NATIONS ASSISTANCE MISSION FOR RWANDA
(continued)

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL
FUNCTIONING OF THE UNITED NATIONS (continued)

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 130: FINANCING OF THE UNITED NATIONS ASSISTANCE MISSION FOR RWANDA
(continued) (A/49/375/Add.1-3 and A/49/501/Add.1)

1. Mrs. EMERSON (Portugal), reporting on the consultations regarding the draft resolution on the financing of the United Nations Assistance Mission for Rwanda, said that overall agreement had been reached on all aspects of assessment. She said that delegations wished to know the exact amount of the unencumbered balances by 14 July 1995 at the latest. Agreement had been reached on a proposal which would be part of the resolution once confirmation was given that the Advisory Committee would be able to review the report. It read as follows:

"Decides further that there shall be set off against the apportionment among Member States, as provided in paragraph 10 above, their respective share in the unencumbered balance for the period from 5 April to 9 December 1994, the exact amount to be determined by the Advisory Committee on Administrative and Budgetary Questions no later than 14 July 1995."

2. Mr. TAKASU (Controller), introducing the Secretary-General's report on financing of the United Nations Assistance Mission for Rwanda (A/49/375/Add.3), for the period from 5 April to 9 December 1994, said that expenditures for the period had amounted to \$145,709,000 gross compared with an amount of \$163,038,200 gross appropriated by the General Assembly. The unencumbered balance remaining thus amounted to \$17,329,200 gross. That appreciable amount was due to a number of factors: slower deployment of civilian police and of civilian staff (\$2.2 million), the non-deployment of United Nations Volunteers, the deployment of fewer helicopters than originally planned, which resulted in a savings of \$2,046,100, and the transfer of equipment and supplies from other peace-keeping operations. He stressed, however, that the reprogramming of equipment had contributed substantially to the total savings of \$30,847,600. However, part of that amount had been used to offset additional requirements in other areas amounting to \$13,489,800. The unencumbered balance thus stood at \$17.3 million. Reprogramming was necessary since some of the purchases or contracts had not been completed as at 9 December 1994, owing to the fact that the final total appropriations had been approved by the General Assembly only at the end of November, leaving insufficient lead-time for procurement of some of the equipment. Significant amounts therefore had to be regrouped and requested again for the following period. The advanced planning for procurement instituted in the current year and the annual budget cycle accepted in principle by the General Assembly should help to improve the situation, enabling the Secretariat to plan in advance for procurement so that most of the actions could be completed by the end of the financial period. Addendum 3 proposed that the unencumbered balance should be credited to Member States against their assessment for future financial periods.

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3. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that during informal meetings of the Fifth Committee, he had indicated that the Advisory Committee had not yet reviewed the performance report for the United Nations Assistance Mission in Rwanda contained in document A/49/375/Add.3. He understood that delegations had been discussing ways of handling the report in the absence of any information from the Advisory Committee, whose role, he recalled, was precisely to assist the Fifth Committee in the decision-making process. He would again consult members of the Advisory Committee to remind them of the importance that the Fifth Committee attached to receiving its report before 14 July. He was confident that before the Fifth Committee's adjournment on that date, he would be in a position to communicate the results of the Advisory Committee's deliberations on the report in question.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/C.5/49/67)

4. Mr. SEVAN (Assistant Secretary-General for Conference and Support Services), introducing the report of the Secretary-General on progress in the implementation of procurement reform in the United Nations Secretariat (A/C.5/49/67), expressed his determination to bring about the necessary reforms for a transparent and effective procurement system aimed at obtaining the best possible quality at the lowest price and the best technically qualified vendors for the services required. Achieving those changes would be a lengthy process, but since the deficiencies in the system had been pinpointed, efforts could be targeted precisely at correcting them. Although there was a time-frame for meeting those targets, he urged the Committee to remember the severe constraints under which the Secretariat was operating, in particular with respect to human resources. Whereas the total value of procurement at Headquarters had risen from \$54 million in 1990 to \$500 million in 1995, the number of staff members had not been increased proportionately. One of the most serious problems was that of attracting experienced, well-qualified staff to supplement those already in place. Short-term contracts failed to attract suitable candidates, and delays in obtaining approval for funding caused further difficulties. Funds spent for staff resources were at a very low level. There were only 29 Professional-level staff members in charge of the procurement of supplies for over 20 missions as well as for Headquarters.

5. He drew the Committee's attention to the initiation of a training programme for staff of both the Purchase and Transportation Service and the Department of Peace-keeping Operations, offered by the United Nations Office for Project Services in conjunction with Georgetown University. In addition, starting with the United Nations Mission in Haiti, staff were being rotated on a regular basis as part of an ongoing training programme.

6. Plans were being made for the establishment of the office of an Ombudsman by the end of the year, to handle complaints by contractors. The vendor roster numbered over 4,000 and would need to be streamlined. Criteria were being developed for admission to the roster. Decisions regarding removal of vendors from the list should be taken on a case-by-case basis. The mere fact of a dispute did not necessarily justify removal. On the other hand, the United

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Nations did have the right to delete or suspend a name on the list, if the circumstances warranted it.

7. Progress had been achieved in the delegation of authority to missions to carry out procurement at the field level and also in the interpretation of financial rule 110.6, whereby the Controller could authorize up to 75 per cent of funding for a mission if there was a reasonable expectation that the mission in question would be renewed.

8. With regard to the Headquarters Committee on Contracts, a full-time P-5 post of Chairman had been established and filled, effective 1 June 1995. The composition of the Committee was also being reviewed to ensure a good representation of different fields of expertise, including legal experts. There were inordinate delays in procurement for peace-keeping and in the Office of Legal Affairs, and efforts were being made to streamline all procedures, to recruit full-time personnel and to avoid costly delays.

9. With respect to financial regulations, he repeated the Secretary-General's statement that the time had come to deregulate the United Nations and return to basic rules and procedures. The endless layers of regulations that had built up over the years absorbed so much time that little was left for actual delivery. Attempts were being made to simplify the rules and to make contracts more comprehensible to contractors. Many of the deficiencies that had been identified were related to the lack of staff. Efforts were being made to pursue as energetically as possible the reforms under way. A fuller report would be submitted to the fiftieth session of the General Assembly.

10. Mr. KUZNETSOV (Russian Federation) said that his delegation fully supported most of the ideas and proposals set out in the Secretary-General's report. The deep concern expressed by Mr. Sevan led him to hope that most of those ideas would indeed be implemented.

11. With respect to paragraph 8, he asked whether the personnel in the Field Administration and Logistics Division (FALD) actually dealt with procurement or whether they submitted requests for procurement which were then handled by the Purchase and Transportation Service.

12. As for paragraph 14, he asked whether it was necessary to appoint an external consultant to review the vendor performance criteria. He inquired as to the functions to be assigned to that person. He asked for details on the functions and procedures of the office of the Ombudsman, which his delegation fully supported. In particular, he wished to know how complaints by offenders and mistakes made by staff would be dealt with. Regarding paragraph 19, he inquired whether the external assistance by Member States would take the form of a working group. In many meetings of the Fifth Committee and within the framework of the report of the working group set up pursuant to General Assembly resolution 48/218, the question of conflicts of interests had been raised. The problem had again been referred to in resolution 49/216C, mentioned in the report of the Secretary-General. Unfortunately, the latter contained no reference to the ideas and proposals made by the intergovernmental working group. The Secretariat should address the question of avoiding conflicts of

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interest and ensure that its proposals were properly reflected in the full report on procurement reform. Turning to paragraph 22, he said the acute shortage of staff for procurement was not the main problem. A professional approach, clear-cut organization and effective management were essential. He fully endorsed Mr. Sevan's view that short-term recruitment only served to compound the procurement problem. He fully supported the Secretariat idea for more active cooperation of legal officers in the procurement process.

13. Mr. GOKHALE (India) said that his delegation associated itself with many general comments made by the representative of the Russian Federation. The concerns of many Member States regarding problems in procurement were understood and were finally being acted upon by the Secretariat. He urged that the training programme for procurement personnel should be implemented as widely as possible. He fully supported rotation of personnel in the field. Turning to paragraph 12, he welcomed the progress made in using system contracts and hoped that they were being awarded in keeping with the normal procedure, whereby quotations and bids were sought. He also welcomed the paper of the Department for Development Support and Management Services (DDSMS) and expressed the hope that a transparent system would emerge in time so that Member States could be briefed about the new procedures to be followed.

14. Mr. TOYA (Japan) said that his delegation generally supported most of the ideas put forward in the report. Procurement reform was the most important problem confronting the Secretariat. In that regard, the capacity to react urgently and with the greatest possible transparency to procurement needs was vital. He urged the Secretariat to take whatever immediate action it could. Specific action was needed rather than a fully fledged plan of action. It was essential to proceed immediately with the revision of the financial regulations and standard operating procedures. He hoped that the Secretariat would start the process without delay.

15. Ms. HOLLAND (United Kingdom) said that her delegation welcomed the progress made in resolving the problems identified by the General Assembly and the Board of Auditors. The key was to take action immediately where that was feasible, followed up by further action at the fiftieth session.

16. Mr. SEVAN (Assistant Secretary-General for Conference and Support Services) said that the Secretariat was attempting to do what it could within existing resources to provide a basis on which further progress could be made. With regard to training of procurement staff, it should be borne in mind that procurement officers were trained at Headquarters and then went to the field. Funding for a consultant to review vendor performance criteria was in the proposed programme budget for the next biennium, and there was certainly a need for outside expertise, which could, perhaps, be made available to the United Nations without charge by a Member State. The review of the vendor roster would be conducted in consultation with Member and Observer States.

17. There was also a need to establish the office of Ombudsman to deal with vendor complaints. The post would be established from within existing resources and would not duplicate any existing machinery. Efforts to improve

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relationships with vendors would ultimately improve the procurement process itself.

18. The CHAIRMAN said that he would take it that the Committee wished to recommend to the General Assembly that it should welcome the progress made in the implementation of procurement reform in the United Nations Secretariat.

19. Mr. STÖCKL (Germany) said that his delegation wanted to be quite sure that any decision by the Committee did not endorse all the proposals in annex II to the report, the points of which must be discussed in the context of a comprehensive report without there being any suggestion of prior approval.

20. Ms. ROTHEISER (Austria), supported by Mr. SCOTTI (France) and Mr. DJACTA (Algeria), proposed that the Committee should take note of the report and welcome the efforts made so far by the Secretary-General as well as his intention to submit a comprehensive report on procurement to the General Assembly at its fiftieth session.

21. The CHAIRMAN said that he would thus take it that the Committee wished to take note of the report contained in document A/C.5/49/67, to welcome the efforts of the Secretary-General in the implementation of procurement reform in the United Nations Secretariat, and to welcome also the intention of the Secretary-General to submit a comprehensive report on the matter to the General Assembly at its fiftieth session.

22. It was so decided.

23. Mr. SEVAN (Assistant Secretary-General for Conference and Support Services) said that the Secretariat would welcome comments from delegations in its preparation of a comprehensive report.

The meeting rose at 11.15 a.m.