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ON BEHALF OF THE EUROPEAN UNION

STATEMENT BY ENNO DROFENIK

COUNSELLOR

PERMANENT MISSION OF AUSTRIA TO THE UNITED NATIONS

**Item 122, 124, 128, 129 & 136: Investing in the United Nations:
detailed report – Addendum. 5**

FIFTH COMMITTEE

New York, 28 June 2006

Investing in the United Nations – Addendum. 5

Mr. Chairman,

I have the honour to speak on behalf of the European Union. The Acceding Countries Bulgaria and Romania, the Candidate Countries Turkey, Croatia and the former Yugoslav Republic of Macedonia, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina and Serbia and the EFTA country Liechtenstein, member of the European Economic Area, as well as Ukraine and the Republic of Moldova align themselves with this declaration.

At the outset let me thank Controller Warren Sach for presenting Addendum 5 of the Secretary-General's report on Investing in the United Nations as well as the Chairman of the ACABQ, Rajat Saha for introducing their related report.

Mr. Chairman,

The European Union attaches great importance to the Procurement Reform as it constitutes an essential part of the ongoing Management Reform process. We welcome the Secretary-General's report A/60/846/Add. 5, which outlines the strategic procurement reform actions for the near future. We fully support the efforts to strengthen the internal control measures, to optimise UN acquisition and procurement management in order to reduce the acquisition costs and to improve strategic management of United Nations procurement.

The above-mentioned measures are of utmost importance to enhance transparency, accountability and the ethical behaviour of staff within the Organisation. The recent reports on procurement in PKOs have clearly illustrated a lack of adequate internal controls, accountability measures and resources. While the expedient procurement in the field should take place without undue delay, the procurement practices must always follow the established financial rules and regulations.

We acknowledge that the Secretary-General, after having reviewed the findings and recommendations of the report on the internal controls in procurement and the Office of Internal Oversight Services audit of field procurement, has identified some recommendations to further strengthen internal controls over the procurement process. The European Union welcomes the various measures being taken to segregate duties and processes in order to avoid conflict of interest and increase transparency and accountability and to promote integrity and ethics within the Organisation.

As the ACABQ notes in its report, there are a number of forthcoming reports, which might have impact on procurement reform. Due to this reason and late issuance of the procurement reports in front of us, the Fifth Committee might not be in a position to address the substance of the reports in the given timeframe. However, based on the urgency and the importance of the issue the European Union is ready to make a decision on the additional resources and to revert to the consideration of the procurement policies and regulations during the main part of the 61st session.

The request for additional capacity for Procurement Service has been addressed in detail in the context of Support Account and we remain actively engaged in the discussions in this regard. We trust that the additional resources will improve efficiency and cost-effectiveness of the United Nations procurement system.

Thank you, Mr. Chairman.