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BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

Inter-Agency Procurement Services

Interim report of the Administrator

Summary

In response to the request of the Governing Council at its twenty-sixth session (decision 79/45), the Administrator is submitting this interim report on the activities of the Inter-Agency Procurement Services Unit (IAPSU). The report contains a brief account of progress made since the last Council session.

Also included are descriptions of the various work programmes undertaken by IAPSU which are primarily oriented to achieving financial savings and certain technological improvements through standardization and co-ordination of the procurement operations of the Executing and Participating Agencies. The Administrator considers that implementation of the programmes already underway, together with identification of new activities, will also lead to increased procurement from developing countries as well as improved geographical distribution in procurement and more effective utilization of accumulated non-convertible currencies.

I. INTRODUCTION

1. It has been recognized by the Administrator and the Council from the outset that the effort to achieve common procurement advantages would be successful only to the extent that the various organizations in the United Nations System gave it their fullest support and assistance. It is therefore with special satisfaction that the Administrator is able to report that Participating and Executing Agencies have responded fully to all requests for co-operation. It should also be noted that the Participating and Executing Agencies have made strenuous efforts to meet requests for information and data in timely fashion and to provide the services of technical experts for the various studies being carried out under the aegis of IAPSU.

2. IAPSU has now established working contacts with the majority of organizations in the system, including the World Bank, the Asian Development Bank and the African Development Bank.

II. INFORMATION FLOWS BETWEEN IAPSU AND AGENCIES

3. Over the past year, IAPSU has disseminated procurement information throughout the United Nations system by means of common-user item bulletins with a format indicating: (a) application; (b) technical specifications; (c) prices; (d) delivery times; (e) manufacturers' warranty; (f) shipping weight and cubage; (g) ordering instructions; and (h) service capabilities.

4. In addition to the bulletins, IAPSU has issued quarterly Newsletters presenting status reports on task accomplishments related to requests from the Participating and Executing Agencies for information or assistance on procurement matters.

III. IAPSU ACTIVITIES (1979 - 1980)

5. Established as an information and reference centre, IAPSU has become an important element of the United Nations system's efforts towards the "common procurement system" called for by the restructuring resolution 32/197, and has made significant progress on specialized studies aimed towards simplifying policy and procedural aspects of procurement.

6. At its twenty-sixth session, the Governing Council requested IAPSU to provide an interim progress report on the Unit's work programmes. A brief summary of these activities follows:

Motor vehicles

7. Technical data, prices and delivery times for motor vehicles have been accumulated and analyzed for inclusion in IAPSU bulletins. A total of 150 bulletins have been issued or are in an advanced stage of preparation. IAPSU has succeeded in obtaining preferential price and delivery treatment for the United Nations system from several of the major motor vehicle manufacturers. Offers for such preferential pricing, beyond the traditional diplomatic discounts, are contingent upon co-ordination and monitoring by IAPSU. Service capability is of prime concern to the Agencies in their selection process and IAPSU is listing the countries where manufacturers have maintenance and service facilities.

8. Significant cost savings are available to the United Nations system through co-ordination of procurement, utilizing volume purchases and standardizations. Conservative estimates indicate savings for the reporting period to be in the \$50,000 to \$100,000 range which should increase proportionately to the Agencies' utilization of information contained in IAPSU bulletins.

9. Ancillary studies carried out by IAPSU will include investigation of the desirability of increased purchase of diesel rather than petrol-fueled vehicles and the lifecost factors for the different makes of vehicles.

Office equipment

10. Bulletins are in preparation for the following common-user items: typewriters, calculators, duplicators and copiers. Standardization results in both savings in delivery times and interchangeability which is especially important in field activities. IAPSU bulletins provide electrical characteristics (i.e. voltage, cycle variation, adaptor plugs, etc.), and universal characteristics are emphasized. The records show that over-all savings for 1979-80 were in excess of \$350,000.

Laboratory equipment

11. It is not feasible at this time to attempt major work in this field due to the great number of items involved and their relatively low unit cost. However, it appears that various suppliers are presently granting different discount rates to the Agencies, and IAPSU will review this matter later in the year with the assistance of a laboratory equipment procurement specialist. IAPSU will disseminate information on available preferential discounts to the participating Agencies.

Electronic data processing equipment and supplies

12. A common approach is applicable since purchase volumes are high and discounts could be substantial if individual procurements were co-ordinated. A major advantage of the common approach is the opportunity given to achieve compatibility on computerization. Additional supply sources in developing countries have been identified through the joint efforts of UNCTAD/GATT/ITC and IAPSU.

Audio-visual aids

13. One Executing Agency has been furnishing expert help in the preparation of bulletins. There is a wide variety for different applications and IAPSU bulletins are designed to assist procurement officers as to whether such equipment is suitable for learners, intermediate-skilled or professional users, with advice provided as to reasonable price ranges for the application. IAPSU is already functioning as an information source for audio-visual equipment, maintaining rosters of suppliers by national origin, services and specialities. In addition, IAPSU is serving suppliers wishing to register as procurement sources for the United Nations system by reference to the appropriate United Nations organization.

Insecticides and pesticides

14. Procurement of these items is mainly confined to three large-user Agencies, each purchasing different types of insecticides and pesticides for specific needs. The market is restricted to very few manufacturers and, as prices are influenced by the cost of oil, there are wide market fluctuations. Therefore, IAPSU will only become involved where possibilities exist for utilization of accumulated non-convertible currencies.

Additional common-user items

15. Construction equipment: Several Agencies have approached IAPSU for assistance in procurement of construction equipment. IAPSU maintains a small reference library on construction equipment and is thus able to provide some technical data, although small in scope at the present. At a future time, bulletins on common-user construction equipment will be made available. Several manufacturers have already demonstrated interest in granting preferential treatment to the United Nations system through IAPSU.

16. Agricultural equipment: So far, IAPSU has transmitted only descriptive material to the Agencies concerned which has been forwarded by various manufacturers. This task is also important in terms of identification of procurement sources in developing countries and utilization of accumulated non-convertible currencies.

17. Hand tools: Some identification work has been carried out in this area, and IAPSU bulletins on shovels, spades, and other hand tools are being processed. This category of common-user item shows good promise for availability from sources in developing countries.

Equipment and supplies from developing countries

18. UNCTAD/GATT/ITC (International Trade Center) has provided expert input for identification of common-user products suitable for procurement from developing countries. Subsequently, with additional funding provided by the Government of the Netherlands, two field identification surveys were completed. These related to audio-visual equipment/teaching aids, and paper supplies for electronic data processing. The results of the two surveys have been tabulated and transferred to IAPSU reference sheets. An IAPSU binder titled "Procurement Sources in Developing Countries: Common-User Items" contains these reference sheets. IAPSU subsequently funded an additional ITC specialist to review past United Nations system procurement statistics to identify in more detail those product categories which could be subject to future field market surveys. A report was prepared titled "Survey - Procurement of Equipment and Supplies by Various United Nations Agencies Period 1976 - 1978". In close co-operation with the UNDP/TCDC Unit, IAPSU has prepared a synopsis and recommendations for review by the Inter-Agency Procurement Working Group. ITC has since embarked on two additional field surveys for IAPSU covering emergency relief items (tents, camping equipment, blankets) and hand tools. The surveys were funded by the Canadian Government. The results of these market surveys will also be incorporated into the reference binder for dissemination to participating Agencies and UNDP field offices. Additional financial resources will have to be found to continue the field identification studies, within the context of TCDC.

Utilization of accumulated non-convertible currencies

19. Efforts to increase utilization of accumulated non-convertible currencies is a continuing activity. IAPSU has, in consultation with the Participating and Executing Agencies, identified product groups which are available from the countries with such currencies. These product groups include items which do not require after-sales service, such as chemicals, fuels, cement, fertilizers, basic tools and paper consumables. Products from some of the countries for which after-sales services are available in the developing countries are also being considered. In addition, IAPSU is currently identifying product groups which these countries are able to supply on demand. IAPSU is co-operating with other units in UNDP involved in this exercise. While opportunities exist, it is a process that requires the same full co-operation and initiative by participating Agencies as they have shown in the past.

Geographical distribution of United Nations procurement

20. The Administrator recognizes the need for concerted efforts to correct the present imbalance. Steps being taken to improve the situation include:

(a) Providing timely and reliable indications of UNDP/Agency-financed business opportunities through the medium of the Business Edition of Development Forum;

(b) Posting a IAPSU Information Officer in Geneva; and

(c) Identifying potential sources of supply in under-utilized geographical areas.

Information activities

21. IAPSU has begun to function as a liaison service by routing external enquiries to relevant United Nations organizations. Advance information on UNDP financed business opportunities was provided through the Business Edition of Development Forum when IAPSU included a news article and a full page of advance notices. Continuation of this important exercise will proceed rapidly by the recruitment of the IAPSU Information Officer.

Transportation

22. A special IAPSU survey of the United Nations system's transportation of goods and personnel has been undertaken in co-operation with UNCTAD's Shipping Division. The statistical survey was completed in January 1980 and IAPSU subsequently prepared recommendations for review and consensus at the fifth meeting of the Inter-Agency Working Group. IAPSU was requested by the Working Group to review and analyze existing Agency arrangements and report to the sixth meeting of the Working Group IAPSU will investigate the possibility of negotiations with single liner companies and selected liner conference secretariats. In addition, IAPSU will explore air travel discounts currently granted to large commercial enterprises and governmental organizations and prepare a position paper for further review by the Agencies.

United Nations system global insurance scheme

23. The Working Group at its fifth meeting asked IAPSU to collect data on current United Nations practices relating to insurance. As some United Nations organizations are self-insured for some activities with considerable costs savings, IAPSU has also been asked to compile information on their experience and to report back to the Working Group at its sixth meeting.

Computerization of procurement

24. Members of the Working Group were informed of a progress report from the Inter-Organizational Board (IOB) to CCAQ covering a survey of some existing computerized purchasing systems in the United Nations family. Three United Nations organizations reported on the latest developments in this field in their respective organizations. It was recognized that compatibility of coding systems could help in identifying common-user items, giving due regard to investments made by various Agencies in this field. Members of the Working Group took note of the work done and pointed out that further work in this area should be continued through the established ACC machinery.

25. UNDP reported to the CCAQ on this matter to ensure proper inter-agency co-ordination with special reference to the IOB mandate, as well as that of CCAQ, with the suggestion that requirements of procurement be duly considered. It was subsequently decided by the CCAQ that the IOB would henceforth assume the responsibility for co-ordination of Agency efforts towards commonality in computerization.

Procurement rules and procedures

26. IAPSU is giving particular attention to the feasibility of unifying the procurement rules and procedures of the Participating and Executing Agencies in order to simplify and improve procurement of the United Nations system. Information relating to financial rules and regulations involving procurement is being received from the Agencies and a preliminary report was prepared by IAPSU for the fifth meeting of the Working Group. The matter has been brought to the attention of the CCAQ which requested UNDP to assume the lead Agency role in this activity. IAPSU will prepare a progress report for the CCAQ meeting in September 1980.

IAPSU work programme for 1980 -1981

27. The IAPSU programme of work has been described above in detail. However, the Inter-Agency Procurement Working Group at its fifth meeting emphasized the importance of not stretching IAPSU resources too thin and requested that the main emphasis be placed in those areas where the potentials for savings were most promising.