The present report is submitted pursuant to Governing Council decisions 87/19 of 18 June 1987 and 87/46 of 19 June 1987. Section I deals with procurement statistics and steps to increase procurement from developing and underutilized major donor countries. Section II deals with the mandate, work programme, staffing and budget of the Inter-Agency Procurement Services Unit and its place in the structure of the United Nations Development Programme and the United Nations. A separate report is being submitted by the Administrator pursuant to paragraph 8 of decision 5/5 of 27 May 1987 of the High-Level Committee on the Review of Technical Co-operation among Developing Countries. That report deals more specifically with the views of the United Nations development system on the report of the Joint Inspection Unit entitled "United Nations development system support to the implementation of the Buenos Aires plan of action on technical co-operation among developing countries" (A/40/656) and on the comments of the Administrative Committee on Co-ordination on that report (A/40/656/Add.1).
I. PROCUREMENT

A. Procurement statistics, with particular reference to developing countries

1. At the request of the Director-General for Development and International Economic Co-operation, and based on reports submitted by the agencies, the Inter-Agency Procurement Services Unit (IAPSU) prepares an annual report on procurement for operational activities of the United Nations system. The first report covered the period 1982-1983 and was submitted in June 1984, to the Director-General, who incorporated it in the General Assembly document entitled "Operational activities for development" (A/39/417).

2. The General Assembly, by resolution 39/220 of 18 December 1984, requested the Director-General to continue reporting on the procurement of goods and services. The Director-General has also requested the agencies to henceforth provide data both by country of procurement and by country of origin/manufacture. This requirement was subsequently conveyed by IAPSU to all participating agencies, but for 1986 a number of agencies were unable to provide the requested breakdown. The 1986 data were submitted to the General Assembly at its forty-second session, in document A/42/326/Add.3. The Assembly, in resolution 42/196 of 11 December 1987, stressed the need for significant improvement in statistical reporting and requested all organizations of the United Nations system to provide full support to IAPSU to enable it to prepare more comprehensive and reliable information on the procurement activities of the United Nations system.

3. At the time of preparation of this report, the statistical data from the agencies had not yet arrived. The 1987 statistics will, therefore, be provided to the Governing Council as a separate paper.

B. Progress of country projects on supply-source identification in developing countries

4. It has been recognized that an important step in increasing procurement from developing countries would be the availability of verified information on products, prices, deliveries, etc. in respect of each country. As the Governing Council was informed at its thirty-fourth session, a first attempt was made in this direction through a fact-finding mission to Brazil, which resulted in a binder published and distributed by IAPSU, entitled "Procurement Sources in Developing Countries - Brazil". Owing to budgetary and time constraints, this binder covered a limited number of items currently procured by the United Nations system. The agencies that received the binder reacted favourably to this initiative as did members of the Governing Council. Consequently, resident representatives of the United Nations Development Programme (UNDP) have been encouraged to approach their Governments to develop projects to finance missions to identify national capabilities and reflect them in national binders. The binders would be made available not only to the agencies and field offices within the United Nations system, but also to non-governmental organizations (NGOs), bilateral aid organizations and to other
developing countries to promote Technical Co-operation among Developing Countries (TCDC). As a result, IAPSU and the Office for Project Services (OPS) are co-operating in respect of a number of countries, as indicated below.

5. Two country-specific projects in supply-source identification, for India and Turkey respectively, have been signed and a third project for Indonesia is in the approval stage. Documentation on India, covering 2,000 items in 550 bulletins, is expected to be available to the Governing Council at its thirty-fifth session. A preparatory mission to Turkey was scheduled for the spring of 1988. Projects for Argentina, China, Egypt, Kenya, Mexico, Senegal, Tunisia and Yugoslavia are at various stages of development and discussion. The Council will be informed orally of any developments taking place between the preparation of this report and its discussion in the Council.

6. Also, recognizing the role of the International Trade Centre (ITC) in promoting international trade, with particular reference to trade with and between developing countries, UNDP felt that ongoing UNDP/ITC projects could be modified to include co-operation with IAPSU for increasing United Nations system procurement in developing countries. Projects for Colombia, Côte d'Ivoire, Morocco, the Philippines and the Republic of Korea are under consideration. A preparatory mission to Algeria was carried out in October 1987 and a project document is now with the Government for clearance.

7. While separate binders on a limited number of developing countries will not constitute an unmanageable library of procurement sources, this situation will change once the number of participating countries increases. At such time, a cross-reference on product basis will also be considered, to enable a procurement officer to find all products of one type in one place. This could be done through consolidated product binders and a computerized data base, which would be accessible to all interested users (United Nations agencies, field offices, non-governmental organizations (NGOs), bilateral aid organizations and Governments of developing countries). Presently, the IAPSU binders on motor vehicles and office equipment also contain the pertinent pages on Brazilian products.

C. Assistance to Governments wishing to collect data by themselves

8. Some Governments have indicated that they wish to collect data on potential suppliers themselves and to prepare the technical documentation. To assist these Governments, IAPSU is preparing guidelines for the selection criteria of both products and suppliers, incorporating aspects of quality and competitiveness, and the format to be followed in order to make such documentation readily useful to agencies and field offices. IAPSU will also be happy to assist in the verification process of the selected sources.
D. Use by agencies of the Brazil binder

9. While agencies, in general, have commented favorably on the binder, measurable results are difficult to quantify, in part because procurement is not limited to the products covered by the binder. It is hoped, however, that the 1987 statistics might in general reflect some progress.

E. Procurement in underutilized major donor countries

10. As a step towards increased awareness of national capabilities in underutilized major donor countries, IAPSU convenes the annual Inter-Agency Procurement Working Group meetings, which offer suppliers an opportunity to establish business relationships with the various agencies. IAPSU also pursues procurement opportunities in these countries and maintains close contact with export federations and trade commissioners. In addition, IAPSU is presently creating special binders on the underutilized donor countries. Such documentation should facilitate the work of the procurement officers in agencies and the field in selecting potential suppliers from these countries.

F. Other actions taken by UNDP to promote procurement in developing countries and agency action in this regard

11. The Administrator, in his letter to the heads of all agencies on 2 September 1987, reminded them of decision 5/5 of 27 May 1987 of the High-level Committee on the Review of Technical Co-operation among Developing Countries, in particular paragraphs 9 and 10, reiterating the urgent need to utilize equipment and services available in the developing countries, as well as the concurrence expressed in Governing Council decision 87/19 of 18 June 1987. In their replies, all agencies indicate that they are placing high priority on the need to effectively utilize the capacities of the developing countries and that they have adopted the 15 per cent price preference for indigenous supplies. Their procurement staff is being sensitized to the increasing demand for a higher level of procurement in the developing countries; an increasing delegation to field offices, as well as a larger number of staff and project personnel from developing countries, are manifestations of this new approach. As a complicating factor, some agencies make reference to a degree of resistance within recipient Governments to accept project inputs from other developing countries, a constraint which must be overcome if the agency efforts are going to produce the desired results. One agency reports on fielding fact-finding missions to establish local capabilities in their efforts to make meaningful progress in their endeavours to engage the developing countries themselves more actively in these efforts.

12. The Administrator has also written to the resident representatives to impress upon them the need to take, with the agencies' project staff and with the Government authorities, such specific actions in this respect as can be taken at the field level. The responses from the UNDP resident representatives are demonstrating an increasing use of local capabilities through the employment of national professional project personnel, national contractors and placing orders...
with local sources. Some resident representatives are proposing country-specific projects to educate and support national efforts through seminars and workshops. It is generally felt that adequate information about alternative procurement sources in developing countries is lacking, and some offices are, therefore, attempting to develop rosters of national institutions, companies, consulting firms, institutes, experts, etc., with emphasis on companies and individuals who have proven track records or have potential for improvements. However, it is regrettable to note that Government officials in certain developing countries often prefer to pay a premium for procurement in traditional industrialized countries because of the perceived higher quality of the products.

13. It is worthy of note that both agencies and resident representatives independently mention the resistance of developing countries themselves to the procurement of goods and services from developing country origin as a constraining factor.

14. The heads of all Geneva-based missions to the United Nations have also been approached by IAPSU, inquiring whether they would be interested in being notified of projects recently approved by the UNDP Action Committee, which contain equipment or contract components. A number of them have indicated their interest in receiving this kind of information, and IAPSU has commenced to notify them accordingly.

15. This information, as well as advance information on business opportunities, is also being passed on to the Technological Information Pilot System for dissemination through its network.

G. Proposals for the future

16. When an adequate number of both developing and underutilized major donor countries have been covered under IAPSU bulletins, the preparation of consolidated product binders and updating and cross-referencing by means of a computerized data base accessible to all interested users will become a subject of prime importance.

II. THE INTER-AGENCY PROCUREMENT SERVICES UNIT

A. Mandate and work programme

1. Rationale for the establishment of IAPSU

17. General Assembly resolution 32/197 of 20 December 1977 on the restructuring of the economic and social sectors of the United Nations system provided, in paragraph 32, for the "establishment of a common procurement system". This met with strong opposition from agencies. However, realizing that this was the maximum acceptable to agencies at that time, the UNDP Governing Council, at its twenty-fourth session in June 1977, had already authorized the Administrator to set up a small co-ordinating unit for initial, experimental work on the exchange of information and the sharing of techniques on procurement matters among the...
organizations of the United Nations system. This office, which became operational on 1 January 1978, and which was designated as the Inter-Agency Procurement Services Unit (IAPSU), was also called upon to serve as a central channel for collecting, analyzing and circulating procurement data on equipment in common use with a view to identifying opportunities for economy, improved deliveries, and development of new sources, including those in developing countries.

2. **Mandates established by the Governing Council**

18. The basic work mandate for IAPSU was laid down by the Governing Council in its decision 25/29 of 3 July 1978 (paras. (a) and (b) below), supplemented the following year by decision 79/45 of 10 July 1979 (paras. (c), (d) and (e) below), in the following terms:

[The Governing Council]

(a) **Reaffirms** its view that the overall objective and overriding concern of the Unit should be to procure equipment at the lowest possible cost consistent with the maintenance of adequate standards;

(b) **Requests** that the Inter-Agency Procurement Services Unit, while maintaining its primary objective mentioned above, take into account the following three subsidiary objectives:

(i) To increase procurement from developing countries;

(ii) To increase utilization of non-convertible currencies;

(iii) To achieve a wider geographical distribution of services and supplies;

(c) **Requests** the Administrator ... to give particular attention to providing advance information of UNDP-financed projects in a timely and reliable fashion;

(d) Unifying the rules and procedures covering procurement of goods and services by UNDP and the participating and executing agencies in order to simplify and improve the clarity of procurement methods and with the ultimate aim of establishing a common procurement system for all United Nations organizations and agencies as envisaged in paragraph 32 of the annex to General Assembly resolution 32/197;

(e) Giving adequate weight, in efforts to standardize equipment procurement, to the life-cost of an item, its durability and its adaptability to the local conditions of recipient countries.
3. Work programme

19. The present IAPSU work programme comprises the following activities

Standardization programme

20. Global standards for motor vehicles have been established for all developing countries assisted by UNDP. Bulletins giving vehicle specifications, prices, shipping costs, and the contact point for ordering directly from the manufacturer are circulated on a regular basis. IAPSU has negotiated preferential discounts for the United Nations system.

21. Similar documentation has been issued for various types of office equipment, including personal computers, peripherals and software, as well as equipment for protection against electric power problems and inadequate ambient conditions to ensure that electrical equipment is ordered according to the correct voltage specifications within the country or area and that such equipment is supplied with the correct type of plugs.

22. These bulletins are disseminated to all organizations of the United Nations system, the regional development banks, certain NGOs and those bilateral aid organizations which have expressed interest in receiving such material. From the feedback that IAPSU receives, these bulletins are extensively used by United Nations agencies and field offices. Agencies co-operate actively with IAPSU in indicating their desire to have additional products included or to bring to the attention of IAPSU cases of inadequate performance by certain suppliers or of products.

23. Subject to staffing and budgetary availability, it is planned to expand the series of bulletins on common-user items to cover heavy vehicles, electrical generators, laboratory and other equipment. IAPSU emphasizes bi-annual updating of bulletins to ensure compliance with changes in technical specifications and prices. This work involves close liaison with manufacturers and suppliers, price and delivery negotiations, redrafting, printing and dissemination globally.

24. To achieve maximum economy in reproduction and binding, IAPSU has installed a small offset printing machine on its own premises, on which are printed these and all other bulletins, e.g., those on procurement sources in developing countries.

Equipment and supplies from developing countries

25. In co-operation with the International Trade Centre (ITC) in Geneva, IAPSU has identified 86 developing countries as potential sources of common-user items for United Nations procurement. National trade promotion organizations in these countries are being contacted in an effort to identify potential suppliers and the IAPSU computer-based data-bank of suppliers now holds an increasing number of companies from developing countries. This effort is an important component of Technical Co-operation among Developing Countries (TCDC) and has strong support from the Group of 77. IAPSU has also started to produce country-specific binders, as mentioned in section I of this report.
Increased procurement from under-utilized major donor countries

26. The problem, as well as the steps IAPSU has taken towards improvement of the situation, are described under section 1 above.

Utilization of accumulated non-convertible currencies

27. UNDP holdings of non-convertible donor currencies have remained fairly constant over the past years and now stand at around $46 million, because of the changes in the exchange rate of the dollar and other currencies.

28. IAPSU has attempted to ameliorate this situation by identifying and negotiating prices and delivery terms of certain common-user items. As an experiment, a special binder on procurement sources in the German Democratic Republic was produced in February 1987, in which all items would be available in national non-convertible currency. The Government of the Czechoslovak Socialist Republic has initiated work on similar documentation, entrusting its preparation to the state public relations company, to facilitate its completion by IAPSU.

Global insurance schemes

29. IAPSU has negotiated a number of global insurance schemes which have been offered to the United Nations system, NGOs and bilateral aid organizations. The negotiated rates are based on volume and it would be in the common interest to have the largest possible number of participants, but, although the rates are considered favourable, agencies have been somewhat reluctant to give up long-standing contracts. It appears, however, that the initial reservations are being gradually overcome.

30. Fellowship insurance. In 1985, IAPSU negotiated a system-wide global insurance policy for medical expenses, death and disability as well as liability coverage for the approximately 20,000 trainees or fellows funded by the United Nations system annually. The rates offered were considered attractive and for the first time a number of organizations were in a position to provide such coverage. In the past, such claims were often handled on an ex gratia basis, even charged against UNDP-funded projects. By the end of 1986, however, only some 7,000 fellows were covered by the scheme. Efforts to increase this number were taken and the scheme provides for coverage of national professional project personnel. This scheme is also available to fellows under Government-executed projects, NGOs and bilateral programmes. Efforts are continuing to attract an increasing number of agencies to participate.

31. Cargo insurance. IAPSU has attempted to negotiate a system-wide marine and air cargo insurance policy which would offer low premiums and quick settlement of claims. However, information received from the various agencies as to premiums paid and claims processed by them showed such a wide fluctuation that some of the larger agencies having good claim records would find themselves in a disadvantageous position vis-à-vis agencies with poorer loss ratings. Many agencies also considered the premiums to be of lesser importance, but gave more emphasis to the procedure and speed of claims settlements. At the recommendation...
of a larger United Nations agency which had good experience and low rates from a specific insurance company, it was decided to acquaint the other agencies with this arrangement and IAPSU has served as an intermediary in this respect for a number of agencies while still hoping that, once adequate volume has been reached, attractive premiums will entice others to join the scheme, thus creating a central, low-cost global insurance arrangement.

32. **Buildings and contents insurance.** Most United Nations organizations have experienced rapid and high increases of their annual premiums over the past two years. The Consultative Committee on Administrative Questions (Financial and Budgetary Questions (CCAQ(FB))) requested IAPSU to conduct a survey of the insurance market for a possible new approach. One large and one smaller United Nations agency in Europe agreed to have their buildings surveyed and IAPSU arranged for competitive bidding. The Secretariat in New York experienced a similar problem and IAPSU arranged for the lowest bidder to submit its quote for the Secretariat building. There is consensus that a common global approach through competitive bidding is desirable and the matter is pursued in close co-operation with the Secretariat.

33. **Motor vehicle liability insurance.** Following a request from the Inter-Agency Procurement Working Group, IAPSU studied the possibility of obtaining a global low rate for vehicles in the field which may be inadequately covered against claims in excess of what would be covered locally. The rates for such coverage have steadily increased and, with an average field fleet in excess of 30,000 vehicles, the total cost-saving potential could be considerable. This exercise is still in progress and competitive bidding procedures will be initiated once all pertinent data have been received.

34. **Electronic data-processing and portable office equipment insurance in field offices.** It has proven difficult to cover such equipment under the local office insurance policy and UNDP requested IAPSU to negotiate a global scheme. This was completed in September 1986, covering electronic data-processing equipment only; it was expanded in 1987 to include other portable office equipment. The scheme was also offered to NGOs and bilaterals.

**Freight reduction studies**

35. Many agencies, when procuring equipment, purchase on a free-on-board basis, leaving the selection of the freight forwarder to the discretion of the supplier. IAPSU feels that freight, in particular airfreight, constitutes an important element of an order and should, whenever possible, be procured under the best available conditions. The very humanitarian nature of the United Nations programme presents a strong case for preferential freight charges. IAPSU, with the assistance of a consultant, negotiated rebates on seafreight rates with a number of conferences and published these results in May 1985 in a binder entitled Freight Rebates. These global discounted rates are available to all organizations of the United Nations system. Qualified freight forwarders for a number of locations and destinations were identified and information on their companies is contained in a binder, entitled Forwarding Services and Transportation Manual. IAPSU anticipates publishing in the very near future documentation on special negotiated airfreight...
rates which are sometimes as low as 30 per cent of the International Air Transport Association (IATA) tariffs while using IATA carriers. IAPSU is already rendering this type of advisory service to agencies and makes use of this service in its own direct-procurement operations.

36. In addition to the above, IAPSU published a shipping guide in both English and French, aimed mainly at familiarizing administrative staff at field offices with the procedures and terminology of shipping and steps to be taken in the case of defaults, short shipments and claims.

General information activities

37. IAPSU devotes considerable time and effort to responding to inquiries and requests from business firms around the world for information on business opportunities emanating from the United Nations system. This is done by correspondence, telephone, telex, telefax, direct personal contact and by organizing or participating in special business seminars in countries which are interested in selling goods and services to the United Nations system.

38. General business guide. IAPSU updates and publishes annually the General Business Guide for Potential Suppliers of Goods and Services to the United Nations System. The Guide provides basic facts concerning the procurement activities and requirements of the United Nations organizations and UNDP executing agencies and states the amount in United States dollars each agency is spending every year on procurement. This publication is printed in English, French and Spanish and is available from IAPSU free of charge.

39. Advance business notices. IAPSU is responsible for arranging for advance notices of business opportunities for UNDP-financed projects to be published in Development Business. Additionally, such notices under agency funding are also included under the IAPSU heading. It is planned to expand this service to include listing of newly approved UNDP-financed projects in each Development Business issue, and other information of interest to the business community (see para. 11 above).

40. Company profile forms. Company profile forms which are used as a pre-registration device for all business firms wishing to do business with the United Nations system, serve as a basis for the IAPSU computerized supplier/product data bank. The company profile forms are disseminated to all agencies of the United Nations system, which may also access the data base when looking for new suppliers.

Annual statistical reporting on agency procurement activities

41. This has been dealt with under section I of this report.
Life-cycle costing

42. When procuring equipment which has to operate under difficult climatic or ambient conditions, there are instances where the initial purchase price is only a small portion of the total cost of operation and maintenance during the lifetime of the product or the duration of the project. In such cases, reliable information on life-cycle costs provides valuable data for decision-making. However, such information is at present practically non-existent, particularly if one considers the multitude of countries and regions where the United Nations system operates.

43. IAPSU endeavours to collect as much information in this respect as possible and intends to enlist the help of agencies, UNDP resident representatives and project managers to obtain data. This exercise is, however, very complex, and must be preceded by a sensitizing of both buyers and suppliers to the concept of life-cycle consideration.

Harmonization of rules and procedures governing procurement

44. In document DP/1987/10, submitted to the Governing Council at its thirty-fourth session in response to decision 86/47 of 27 June 1986, IAPSU reported at length on its efforts in close co-operation with agencies to produce a set of common principles and practices governing the procurement of goods and services by the United Nations system. The result has been incorporated in the General Business Guide. Governing Council decision 87/46 of 19 June 1987 requests IAPSU to continue with agencies the harmonization of procurement on a system-wide basis. In recognition of the various internal rules and regulations of each individual agency, IAPSU is now trying to identify areas where legislative action might be able to expand and improve common practices.

Procurement advisory services and direct purchasing support

45. Requests for direct assistance from both agencies and field offices have shown a steady increase. While the initial approaches were confined to obtaining price quotations, indicating sources of supply, freight rates and questions of logistics, requests for direct procurement action by IAPSU have now begun to be received, mainly for electronic data-processing equipment with electrical characteristics not obtainable at agency headquarters. Requests have also come in from field offices where currency controls presented problems to effect timely payment in certain currencies. A further development took place when some agencies invited IAPSU to quote on equipment needed in case of emergencies. IAPSU has responded quickly to all these requests and its special negotiated freight rates and delivery conditions have made IAPSU prices both attractive and competitive. Services have also been provided to bilateral aid agencies which do not have access to preferential United Nations prices.

46. To cover the direct cost of this operation, IAPSU charges 5 per cent of the free-on-board value for such services which, in most cases, are compensated for by savings in freight and lower initial cost. Requests from an executing agency for procurement under UNDP-financed projects, however, are only accepted if IAPSU is treated as an associated agency. As a special concession to staff members of the
United Nations system, procurement of personal vehicles is handled, with the staff member paying a handling fee of 3 per cent on the free-on-board cost.

47. This subject was discussed at the twelfth Inter-Agency Procurement Working Group Meeting, where it was stressed that IAPSU would undertake direct procurement only at the explicit request of an office or organization, thus avoiding any disturbance of the normal good working relationship between agencies and IAPSU. The total volume of direct procurement by IAPSU in 1987 was $6.48 million, which includes freight and handling charges. The total extra budgetary earnings for this volume amounted to $225,000.

Air travel

48. IAPSU has been involved in an inter-agency effort to reduce air travel costs for the United Nations system, which exceed $150 million annually in ticket costs, including travel undertaken by World Bank staff. This involvement is a direct result of a request from CCAQ(FB) to study possibilities and make recommendations in a field which is becoming increasingly more complex with deregulation in the United States market and a number of more or less covert discount arrangements.

49. IAPSU has succeeded in concluding discount arrangements with two major European airlines, one of them on a world-wide basis. In 1984, IAPSU, on an experimental basis, started issuing a monthly air travel guide, showing how savings could be achieved. Because of a lack of financial support, this guide last appeared in March 1985 although some agencies were in favor of this documentation and achieved substantial savings through its use.

B. Staffing and budget

50. Located in Geneva, IAPSU is an organizational unit within the Bureau for Special Activities (BSA) and is budgeted as a non-core activity financed from the support cost line of UNDP general resources. In recognition of system-wide resource constraints, it is not realistic to envisage that agencies would be in a position to provide co-financing. Moreover, allocating such costs system-wide on a rational and user-oriented basis would require a complex administrative machinery and, while agencies acknowledge and appreciate the services provided by IAPSU, there would be a problem in putting values to these services if the question of co-funding were to be raised. Since most savings that accrue from the IAPSU programme revert to the source of funds, i.e., UNDP, it appears advantageous to continue funding under existing arrangements. Activities which are specific to an agency or organization, i.e., direct procurement, will be supported by a service charge to cover the direct costs involved. The same holds true when an agency requests particularly large quantities of IAPSU documentation.

51. The 1988-1989 biennial budget, as approved by the Governing Council, added one temporary Professional and one temporary General Service post to the original proposal of the Administrator (DP/1987/55) and the approved appropriation breakdown is as follows:
52. The structure of IAPSU is reflected in the annexed manning table. The staffing under the 1988-1989 biennium consists of 11 posts, of which six are in the Professional and higher categories (one D-1; two P-5; and three P-4 posts) and five in the General Service category; of these, one Professional and one General Service post were approved effective 1 January 1988 by the Governing Council at its thirty-fourth session on a temporary basis for strengthening the efforts to increase procurement from developing countries.

53. In addition, IAPSU engages the services of consultants for short-term assignments which, in 1987, amounted to 232 working days at a cost of $38,500 and temporary staff to assist, among other tasks, in the preparation and printing of IAPSU bulletins.

54. At the time of its transfer to Geneva in 1982, IAPSU had an authorized staffing of nine posts (five Professional and four General Service) and a provision of $118,900 for consultant services. Given the increased and expanded work programme, the growth in staff can be considered modest. The major strength of the Unit has been the flexibility of its work plan and its ability to keep the procedural formalities to a minimum. The Administrator believes that IAPSU should remain lean, with a core of six Professional staff, with technical/commercial qualifications, and good background in procurement matters. The core staff will be augmented, as required, with external expertise and consultants, to provide specialized up-to-date knowledge within complex areas which cannot be fully met by the core staff. In addition, it is estimated that the Unit will require five regular posts in the General Service category, with allowance for temporary assistance to cover peak periods. In view of the global nature of the programme, both core staff and consultants will need to travel extensively in their search for
alternative supply sources, and in liaising with participating organizations and Governments.

55. The Unit is presently benefiting from two Junior Professional Officer posts, which present invaluable training for the incumbents as well as productive work for the unit after the initial training period. Such secondments by donor Governments should be continued on the understanding that such extrabudgetary staff be assigned responsibilities which are not tied to their home Governments or the country of origin.

C. The place of the Inter-Agency Procurement Services Unit in the structure of the United Nations Development Programme and the United Nations and its future role

56. Although IAPSU provides services to all agencies and organizations within the United Nations system, its objectives are mainly directed at achieving savings for UNDP-financed projects and to respond to other items of concern to the Governing Council, e.g., increased procurement from developing and underutilized major donor countries. Approximately two thirds of IAPSU direct procurement was done for UNDP field offices or UNDP-related activities. IAPSU is well placed within UNDP since cost-saving measures emanating from UNDP, but beneficial to the entire United Nations system, strengthen the role of UNDP as a co-ordinator and catalyst of technical assistance programmes and reduce cost of operations without sacrificing quality.

57. The future role of IAPSU should continue to be to serve as a focal point and co-ordinating centre for procurement matters, providing advice and direct support to United Nations agencies, lending institutions and, as appropriate, to NGOs and bilateral aid organizations. This function is in line with the role of UNDP as fund raiser and co-ordinator of international technical assistance programmes globally, with the objective to obtain cost savings and improve the geographical distribution of procurement, with special emphasis on procurement from developing and underutilized major donor countries.

58. In this context, IAPSU should continue to function as a centre for developing concepts and tools for further streamlining and economizing United Nations procurement for both headquarters and field programmes. The common efforts in developing standards for common-user items, taking into account problems such as training, maintenance, life-cycle costing and provision of spare parts, should result in increased co-operation among the various agencies and IAPSU; improved exchange of information on new sources of supply; and preferential prices and experience gained with certain products and/or suppliers. This common understanding is strengthened through the annual Inter-Agency Procurement Working Group meetings, a forum in which the heads of procurement of almost all agencies participate. By having future meetings take place in developing countries, the efforts to increase procurement in such countries could be intensified.

59. IAPSU should continue direct procurement at the specific request of agencies, field offices, or other bilateral aid organizations, including NGOs, with the
ultimate objective of saving costs and increase efficiency in procurement for the benefit of the developing countries.

60. The Administrator, therefore, believes that the mandate and organizational arrangements of IAPSU be maintained and that an understanding be reached on strengthening IAPSU as and when the expanding work programme justifies it.
Annex

IAPSU MANNING TABLE FOR THE BIENNIIUM 1988-1989 a/

CHIEF (D-1)

| SENIOR TECHNICAL OFFICER (P-5) |
| TECHNICAL OFFICER (L-4) |
| TECHNICAL OFFICER, COMPUTERS (L-4) |

| SENIOR BUSINESS LIAISON OFFICER (P-5) |
| TECHNICAL OFFICER, PROCUREMENT (L-4) |

| ADMINISTRATIVE ASSISTANT (G-7) |
| BILINGUAL SECRETARY (G-5) |
| RECEPTIONIST/CLERK (G-4) |
| TECHNICAL ASSISTANT (G-4) |
| TECHNICAL CLERK (G-3) b/ |

a/ In addition, two Junior Professional Officers are provided, one funded by Denmark and the other by Finland.

b/ Approved by the Governing Council in 1987 to strengthen the efforts to increase procurement from developing countries.