GOVERNING COUNCIL

Thirty-fifth session

SUMMARY RECORD OF THE 31st MEETING

Held at the Palais des Nations, Geneva on Thursday, 23 June 1988, at 3 p.m.

President: Mr. MANGWAZU (Malawi)

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The meeting was called to order at 3.10 p.m.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(f) WOMEN IN DEVELOPMENT (continued) (DP/1988/15 and Add.1)

1. **Ms. SUGGS** (United States of America) said that her delegation supported UNDP's efforts to ensure the integration of women into the development process as both participants and beneficiaries. The information provided in the documents before the Governing Council showed how perspectives on women in development were reflected in the work of UNDP and had repercussions on other issues highlighted in decision 87/15 such as staff training, complementarity with UNIFEM and co-operation with the relevant United Nations organs, specialized agencies, Governments and NGOs. Her delegation urged UNDP to continue to be alert to operational decisions which, in effect, were establishing a division of labour between the Division for Women in Development and UNIFEM; the work of the one should complement and not duplicate that of the other.

2. Her delegation had noted with interest the reference in the Administrator's report (DP/1988/15, para. 41) to a study of a small sample of existing programmes in order to determine the degree to which they provided opportunities or constraints for women in development policy implementation and to develop a framework of analysis conducive to women in development initiatives in future country programming. It requested a progress report on that study.

3. Her delegation urged the continued involvement of the Programme Review Committee and, in the case of projects, the Action Committee in ensuring that women were included appropriately, both as participants and as beneficiaries in UNDP programmes and projects.

4. Her delegation also noted a possible area of duplication, namely, in the collection and dissemination of gender disaggregated data; both USAID and UNDP were supporting activities to help collect and disseminate data on the economic and social roles of women. There should be closer co-ordination in that respect.

5. **Ms. LEE** (Observer for Australia) said that her Government strongly supported UNDP's efforts to implement its strategy regarding women in development. Her delegation noted with interest that the Division for Women in Development had to date been only marginally involved in country programming (DP/1988/15, para. 41). That situation did not appear to have changed yet in that the two country programmes which were being developed at the current session of the Governing Council took no account of women in their preparation. Women should be involved at all stages of the country programming process.

6. While she agreed with the representative of Denmark that UNDP was on the right track there was still very much to be done.
7. Ms. EIDE (Programme Director, Division for Women in Development) said she had been encouraged to hear from the representative of the Libyan Arab Jamahiriya regarding the emphasis placed by his Government on women in its national process of development and its recognition of the need for clarity regarding the importance of women to the success of projects. That was the purpose of the project review form mentioned by a number of delegations. UNDP wanted the project review form to be applied across the board. It was essential that everybody should know the current position and where possible new opportunities or problems lay. The exercise was a descriptive and explanatory one. She firmly believed that the form would be of benefit to the development of dialogues with Governments.

8. The representative of the Libyan Arab Jamahiriya had also referred to the study in which UNDP had encouraged all field officers to participate. She was aware that, in most countries, some very interesting documentation was already available; it was often fragmented, however, and not easy to locate. UNDP wanted field officers to help in the collection and synthesis of information. If necessary, funds would be committed to the operation.

9. UNDP had a global commitment to the Forward-Looking Strategies for the Advancement of Women adopted at the Nairobi Conference, which had been supported by the Governments of all the members of the Governing Council. It was that combined national and international commitment that UNDP wanted to use as a platform for dialogue with the Governments concerned. UNDP’s role was one of advocacy and was not intended to be dictatorial. It hoped that, by bringing up the issue of women in development at all critical points in the dialogue with Governments, UNDP would highlight the issues in ways which were practical and relevant to national priorities.

10. The representative of China had mentioned the gender analysis of new projects and had referred to the questionnaire. She hoped that her explanation would satisfy that delegation and that it would see the relevance of that approach to its own firm commitment to women in development. Statistics showed that China had more women in more important positions in the development process than most other countries and was setting an example in that regard. The representative of China had also expressed concern about an implicit quota in her comments on the under-representation of women in some of the training opportunities offered by UNDP projects and programmes. The Division had not set any quota, it wanted merely to map the current position.

11. The representative of China had also mentioned that women lacked capital resources and that that had been a major constraint on their productivity. In that connection, she drew attention to the Capital Development Fund which, for several years past, had been aware of the situation. Several projects were currently addressing the issue. In the folder which had been distributed to members, there was an interesting interview with a Senegalese woman about a successful project.

12. A great deal of interest had been shown in the staff training programme launched by UNDP. The total number of staff members involved in such training, which involved participation in activities ranging from small seminars to one-week courses, was approximately 500; that was far from full coverage. In selecting staff for such training, the strategy employed had
been to choose staff members in areas of the organization where they could pass on the message to their colleagues. She would welcome advice from others involved in similar training efforts. The programme would have to be expanded both quantitatively and qualitatively. It was to be a regular activity.

13. She noted the support of delegations for the Division's efforts to reach the planning level. The Bureau for Programme Policy and Evaluation, to which the Division belonged, had in the past been concerned with hundreds of projects coming from action committees, but it would not be doing its work properly if it did not also look at country programmes and the development dialogue on planning as such. To that end the Bureau had launched the study of a sample of country programmes in order to determine the degree to which constraints might occur in gender-blind planning at the macro-level. What was involved was a research effort intended to develop methodologies for the future, and progress on the issue would be reported to the Governing Council.

14. She wished to emphasize that, without the support of the decentralized system of UNDP, no progress could be made. Senior management had been involved in training and, in December 1986, the Administrator and senior colleagues had attended a management training seminar and, as a result, had encouraged staff at the next level, including resident representatives, to undergo a similar experience. It was for that reason that the subregional seminars had been arranged and deputy resident representatives had been encouraged to participate. From the outset, emphasis had been laid in staff training programmes on the need for programmes to be gender sensitive; the use of the term "gender" rather than "women and development" emphasized the fact that the Division was looking for partnership and that men and women were interdependent.

15. In field offices, the resident representative was the person in charge of the issue of women in development. Support personnel was, however, needed and it was for that reason that the Bureau had decided that it should have focal points for women in development in each field office. What was required was a national - not an international - official to act as the focal point in that he would have the best access to national material against the local cultural background. She hoped that that approach would provide a platform for cooperation with national Governments. The Bureau had encouraged resident representatives to appoint people with suitable backgrounds; the curricula vitae of the people designated had been very impressive.

16. The representative of Zimbabwe had emphasized that partnership between UNDP and Governments was crucial to success and that partnership between women and men was also critical. The Division heartily concurred.

17. The representative of the United States had referred to the use made of statistical information by various agencies. The Division did not collect original data but mobilized data provided by other sources, such as USAID. In that connection, she wished to emphasize that, in creating visibility for women in development, quantitative data and hard statistics were an important tool, which would be further enhanced through an improved dialogue with the national planners.
(a) IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT PREVIOUS SESSIONS (continued)

(ii) PROCUREMENT FROM DEVELOPING COUNTRIES (DP/1988/20)

18. Mr. THYNNESS (Assistant Administrator for Special Activities) said that, by its decision 87/46, the Governing Council had requested the Administrator to provide the Council at its current session with information on the Inter-Agency Procurement Services Unit (IAPSU) and its work programme, particularly with regard to increased procurement from developing and under-utilized major donor countries. The Administrator's report on the matter (DP/1988/20) was divided into two main sections and, in his introduction, he would deal only with the first which responded to procurement matters; the work programme and the related questions of staffing, budgets and place within the United Nations system would be dealt with in the Budgetary and Finance Committee.

19. Statistics for 1987 showed that there had been a move in the right direction. Total procurement in developing countries, based on country of procurement, had been close to $109.6 million in 1986 or 18 per cent of the total volume of procurement. In 1987, procurement in developing countries had amounted to $127.6 million or 20.1 per cent of the total. Procurement in developing countries during 1987 thus represented an increase of 2.1 per cent over 1986. He would like to think that a turning point had been reached and that further increases might be hoped for in the years to come, provided the various efforts of IAPSU and the agencies to promote increased procurement in the developing countries were continued.

20. Procurement statistics for 1987 were available only in respect of 22 per cent of procurement but they nevertheless indicated that 87.7 per cent of the equipment procurement by the agencies concerned in developing countries was indigenous to the countries in question. The corresponding percentage for 1986 had been 74 per cent.

21. He regretted to report a generally negative development in 1987 in procurement from sources in under-utilized major donor countries. From a total of about $96 million in 1986, the level of procurement in the six countries in question had fallen to $83.5 million in 1987. The decline was far from uniform; in two of the countries, there had been a considerable increase while the decrease in some of the others was of the order of 40 to 50 per cent. Caution was therefore required before too many conclusions were drawn on the basis of statistics covering one year only. A realistic and reliable picture would emerge only when developments over a number of years were analysed and compared. That fact confirmed the importance of IAPSU's efforts to improve statistical reporting generally.

22. It was also apparent that there was an urgent need for some of the agencies to improve their internal methods for producing procurement statistics as IAPSU had, of course, to rely on the data supplied to it by the agencies. He hoped therefore that delegations shared his view that priority must be given to bringing about improved statistical reporting on procurement, including a standardized system for reporting; and to a general improvement
in the quality of the statistical data and the ability to break it down so as to meet the requirements of the legislative bodies and provide a basis for more specific and accurately targeted measures to correct unwanted results. Finally, all agencies must become equally proficient in producing the statistical data as and when required.

23. UNDP and the agencies were keenly aware of the need to promote procurement from developing countries and from under-utilized major donor countries. All exchanges with agency personnel had confirmed that awareness and were marked by a positive spirit. That was very important, because success would depend on the whole system and everyone in it participating and working towards the common goal.

24. Paragraphs 11 to 15 of the report (DP/1988/20) showed that UNDP was using several approaches in tackling the problem, including efforts to collect information about potential supply sources in the countries involved and to disseminate that information as widely as possible. A comprehensive survey of one of the largest developing countries - India - had been completed in early 1988 and distributed to delegations. The survey had been carried out in close co-operation with the Government of India and had identified over 2,500 items from about 150 suppliers which were of potential interest to United Nations agencies and others such as NGOs, bilateral aid organizations and the Governments of other developing countries. A very considerable amount of work had gone into the production of the India Binder, from the early planning stage. It had been possible to conclude the undertaking successfully only because of the excellent support and co-operation of the Government of India.

25. IAPSU was endeavouring to organize a number of new country surveys. In some of the countries concerned, preliminary work had been completed and the actual survey missions were being organized. In others, the planning work was at a very early stage and the Governments' interest and willingness to participate had yet to be confirmed. It was worth noting that all participants in the thirteenth Inter-Agency Procurement Working Group meeting in April 1988 had given their full support to IAPSU's work and had urged IAPSU to ensure that all country binders were kept up to date.

26. In 1987, several delegates had asked about results and experiences from the use of the Brazil Binder, which had been the first in the series. Although it was still too early to draw conclusions, it was interesting to note that procurement from Brazil had increased in 1987 by 142 per cent over 1986.

27. Several other approaches were also being pursued. The possibility of organizing special projects or seminars for suppliers in developing countries was being looked into by IAPSU with the aim of familiarizing them with the requirements of the United Nations system and providing guidance on how to prepare bids and do business with United Nations agencies.

28. IAPSU also recognized the need to ensure that the largest possible number of advance notices on forthcoming business opportunities reached the designated central points, such as local missions of developing countries or Government trade organizations. Those efforts could be effective only to the
extent that the recipient offices co-operated in making sure that the notices were sent to potential suppliers with the minimum of delay. Consideration was also being given to holding some of the annual meetings of the Inter-Agency Procurement Working Group (IAPWG) in developing countries. Those meetings brought together the heads of procurement services of all the agencies and therefore afforded an excellent opportunity for establishing contact with the local suppliers.

29. Turning to the need to ensure that all Member States had reliable information on procurement trends, he said that although General Assembly resolutions had on several occasions urged that statistics should be provided on a timely basis and should distinguish between country of procurement and country of origin it continued to be difficult, in spite of IAPSU's efforts, to obtain early statistics from the agencies, with the result that IAPSU could not produce a consolidated statistical report covering the entire United Nations system before the second quarter of the year. Efforts would continue, however, the aim being to have the report ready by 1 April.

30. The request for procurement statistics on a country of origin basis also seemed to present difficulties for a number of agencies. UNDP had continued to stress the need for that breakdown but as recently as the recent IAPWG meeting at the end of April, a number of agencies had reported they were unable to provide such information. As long as that situation obtained, the overall statistics were obviously to some extent distorted.

31. In conclusion, he described the efforts to harmonize the rules and procedures governing procurement - a subject of particular importance to the generally smaller firms in developing countries and under-utilized major donor countries. In 1987, the Administrator had presented to the Council a paper entitled "Common Principles and Practices Governing Procurement of Goods and Services by the United Nations System of Organizations". Produced by IAPSU in consultation with all the agencies, that paper considerably simplified the diverse procedures which had hitherto existed within the system. It had been subsequently incorporated in the General Business Guide and was thus available to all interested members of the international business community.

32. The Council, in expressing satisfaction with the progress achieved, had asked IAPSU to continue its work with the agencies "to expand further the area of communality in procurement". Accordingly, it had been agreed at the recent IAPWG meeting at Helsinki to set up a special sub-working group consisting of five agencies to work with IAPSU in considering the text of the "Common Principles and Practices" with a view to identifying aspects of the procurement process where differences in agency approaches continued to exist.

33. The significance of the differences would be assessed in each case to determine whether they had a negative effect on the transparency of procurement or the easier approach of the international business community to United Nations organizations. Where such was found to be the case, proposals would be formulated for common approaches acceptable to everybody. The recommendations of the sub-working group would be considered by all the agencies during the 14th meeting of the Inter-Agency Procurement Working Group, scheduled for mid-April 1989.
34. Mr. PAYTON (New Zealand) said that his delegation took a close interest in the procurement of goods and services from developing countries and wished to see its level and scope increase. The figures for 1987 showed that agency procurement of equipment from developing countries had risen from 18 to 20 per cent. That was not exactly thrilling, but at least the trend was upwards, whereas the previous year it had been declining. Although the emphasis was on equipment, there were other aspects of commercial advantage to developing countries that might be incorporated into the statistics to make the existing picture appear less gloomy.

35. He was concerned at the difficulty in obtaining statistical data of appropriate quality from the participating agencies and thought that there should be a discussion in the Budgetary and Finance Committee or in the Drafting Group on the action that could be taken to remedy that situation.

36. Although other aspects of procurement had to be addressed by UNDP the priority should remain procurement from developing countries and he would have some suggestions to make for reinforcing it during the discussions in the Budgetary and Finance Committee.

37. His delegation was a strong supporter of the work of the Inter-Agency Procurement Services Unit (IAPSU), and had been in favour of enhancing its capacity during the discussions of the biennial budget for 1988-1989. The range of activities undertaken by IAPSU was commendable, extending from insurance to freight reduction studies and air travel. However, although all those activities should and must continue, they should not overshadow the principal objective of enhancing direct procurement from developing countries.

38. With regard to the preparation of binders, he asked for information concerning the cost of fact-finding missions to the developing countries and how those costs would be defrayed. Although the amazing increase of 142 per cent in procurement from Brazil in one year needed to be treated with caution, it did give cause for optimism. He also complimented IAPSU on the first of the binders put out for the under-utilized major donor countries — Finland — which had an adequate coverage of activities. However, he did not wish to see a significant amount of IAPSU's resources diverted from the question of procurement from developing countries.

39. Another mandate of IAPSU, listed in the Governing Council decision 79/45, was to "increase utilization of non-convertible currencies", for example, by, procurement from the German Democratic Republic. However, although a significant sum of resources within UNDP was in currencies which needed to be dealt with differently, he hoped again that such activity would be given a lower priority than procurement from the developing countries, on which IAPSU's work should chiefly focus.

40. As his delegation had suggested the previous year, part of the problem of expanding procurement from developing countries lay within those countries themselves (DP/1988/20, paras. 11-13). Unless the developing countries took some of the initiative in accepting equipment from other developing countries and did not insist on obtaining it from European, Japanese and North American sources of supply, the statistics would not improve as quickly as desired.
41. On the question of staffing, he noted with concern the Administrator's proposal that IAPSU "should remain lean, with a core of six Professional staff" (DP/1988/20, para. 54). Leanness was, of course, desirable, but so was efficiency; in the context of the 1990-1991 biennial budget he would request more resources for IAPSU to enable it to carry out its necessary programmes.

42. He welcomed the reference by the Assistant Administrator to the possibility of holding IAPWG meetings in developing countries, a number of which were very anxious to host such a meeting. While he was not suggesting that the meetings scheduled for Stockholm should be changed, there were few better ways of reinforcing the Council's strong commitment to procurement from developing countries than to hold most future meetings in the capitals of developing countries. Meetings in countries for which binders were to be prepared would be of significant benefit to all concerned.

43. Mr. LI Yang (China) said that his delegation had studied the Administrator's report (DP/1988/20) with interest and had noted IAPSU's efforts to enhance the proportion of procurement from developing countries. Improving procurement was a means of raising the productive capacity of developing countries and should receive all the support that UNDP could give it. He hoped that IAPSU would continue its discussions with the relevant agencies and narrow its differences with them, and he urged IAPSU to continue its efforts to provide binders which, he hoped the agencies would use. Information was an important step in enhancing procurement; the main sources of such information would ultimately be the relevant ministries in developing countries and the resident representatives.

44. Mr. SYARIEF (Indonesia) recalled that, in its decision 87/19, the Governing Council had urged the Administrator to take further steps to increase procurement from developing countries and further urged the participating and executing agencies to intensify their efforts in that regard. By its resolution 42/196, the General Assembly had requested the Director-General for Development and International Economic Co-operation to make recommendations for innovative, practical and effective measures to increase substantially the procurement from developing countries. Yet, notwithstanding the efforts of all those involved, the progress made so far still appeared insufficient.

45. He welcomed the progress achieved in country projects on supply-source identification in developing countries (DP/1988/20, paras. 4-7) and, in particular, the fact that the country project for Indonesia was already in the approval stage. He also welcomed the progress made in local procurement (DP/1988/20, paras. 11 and 12).

46. With regard to the possible link between the efforts to increase procurement from developing countries and the objective of enhancing trade relations among those countries, he suggested that the resident representative, apart from promoting procurement from other developing countries, might also advise the local Government on possibilities of supplying goods and services to other developing countries.
47. It might also be useful to explore the possibility of initiating co-operation between two or more developing recipient countries with a view to arriving at an arrangement for an exchange of procurement. The perception of mutual benefit through such an arrangement could well help to modify the reluctance of developing countries to make use of procurement from other developing countries (DP/1988/20, paras. 11-13).

48. Lastly, his delegation endorsed the Administrator's suggestion that the mandate and organizational arrangements of IAPSU should be maintained and that an understanding should be reached on strengthening IAPSU as and when it was justified by the expanding work programme.

49. Mr. GOPINATH (India) said he fully concurred with the statements by the representatives of New Zealand, China and Indonesia. He also noted that the Administrator's report (DP/1988/20) lacked the necessary depth of focus. It should have been concentrated on the title of the agenda item, namely, procurement from developing countries.

50. His delegation, which had received the data that very day and had not had sufficient time to analyse it and come to any conclusions, felt no great satisfaction at the 11 per cent increase in value and 20 per cent increase in the volume of procurement from developing countries, since the base itself had been low to start with.

51. His Government was very grateful to all concerned for their excellent work in producing the India Binder; its production was not an end in itself, however, but a first step towards increasing procurement from India. He appealed to UNDP and, in particular, to the Obligations and Payments System and the agencies represented in the Council to assist his country in that task.

52. He asked why the agencies had not been able to provide a breakdown of the data (DP/1988/20, para. 2) when they had been requested to do so for the previous two years. In the light of paragraph 30 of General Assembly resolution 42/196, he appealed to the agencies to co-operate with IAPSU in improving the quality of the statistical data base with respect to procurement from developing countries.

53. The idea of holding IAPWG meetings in developing countries was an interesting one, which should be examined further. He wondered whether the practice of short-listing at least one developing country as a potential source of procurement was still in force and, if so, what effect it had had.

54. He supported the suggestion by the representative of New Zealand that more centralized sources of information should be developed to which delegations and recipient countries could have access, and also asked the Administrator to present some specific proposals for increasing procurement from developing countries and for making IAPSU's functioning more efficient.

55. Mrs. BARRIOS BARON (Argentina) said that her delegation had noted from the report (DP/1988/20, paras. 11-13) that one of the obstacles to the procurement of goods and services from developing countries was the reluctance of the developing countries themselves to accept project inputs from other
developing countries. There was, in the first place, a natural reluctance on the part of any purchaser to change suppliers, and that was aggravated by the lack of adequate information about the possible sources of procurement in developing countries.

56. Spectacular progress could hardly be expected, but her delegation hoped that as the requisite information became routinely available, the alternative of procurement from developing countries would be a viable option. Her delegation endorsed the statement in paragraph 4 of the report on the importance of increasing the availability of information on products and conditions of sale in respect of each country. It welcomed the publication of the initial binder on Brazil and the ongoing projects to produce binders for a number of other countries, including her own. It was to be hoped that the experience gained would improve the quality of future binders.

57. She noted from paragraph 10 of the report that the suppliers of major donor countries were invited to attend the annual meetings of the Inter-Agency Procurement Working Group, the central forum for increasing knowledge about the capabilities of developing countries. Her delegation wondered whether the same invitation was extended to the suppliers of developing countries, and would like to receive regular information about the meetings. The Argentina private sector would be interested and some suppliers might be able to use the meetings to establish business relationships with the various agencies. That process would be facilitated, of course, if the meetings of the Working Group were held in the developing countries themselves, as the Administrator had suggested (para. 58).

58. In conclusion, her delegation endorsed the Administrator's view on the importance of the work of the IAPSU and the need to strengthen it. In that process, it was hoped that special attention would be paid to potential suppliers in developing countries who could not compete on an equal footing with the traditional sources of procurement of the United Nations system.

59. Ms. WESTPHALEN (Finland), speaking on behalf of the Nordic countries, said that they attached the greatest importance to a more equitable geographical distribution of the United Nations system procurement of goods and services for its operational activities and had strongly advocated increased efforts by all organizations and agencies to expand the sources of supply in developing countries. Those countries agreed with General Assembly resolution 42/196 that improved statistical material was much needed to enable the United Nations system to address the issues in a more rational and systematic manner, and urged all organizations and agencies to give appropriate attention to that work.

60. Much could be done within the system itself, for example, by the streamlining and harmonization of procurement procedures. Technical officers should be sensitized to the need for imaginative thinking and constructive attitudes towards the broadening of the procurement base and simplifying procedures. She noted with satisfaction that those issues had been discussed at the 13th IAPWG meeting at Helsinki the previous April. Throughout the whole process of identification, formulation and implementation of projects, the agencies should be constantly aware of the need for increased use of
supplies from developing countries. However, in order to generate important results, there was also a need to be more specific at the country level. She strongly supported IAPSU's activities aimed at identifying country-by-country national capability to deliver goods and services. Those activities should become a prominent part of IAPSU's work programme.

61. While the Nordic countries wished to see a gradual shift of contracts to indigenous companies in developing countries, which would clearly receive an additional benefit if more of their products and services could be utilized as part of the multilateral nation-building efforts, she expressed satisfaction at the fact that IAPSU was also mandated to achieve a new equitable geographic distribution of procurement by identifying suitable supply sources in the under-utilized donor countries. There was no conflict between that objective and the Unit's effort to increase procurement from the developing countries.

62. Public opinion in the Nordic countries was reluctant to support jobs in and exports from other industrialized countries, when a much larger share of the procurement from industrialized countries could have been made in the Nordic countries. However, the principle of international competitive bidding should not be tampered with in any way.

63. Although UNDP's possibilities of influencing the executing agencies' procurement practices were limited, there was some scope for additional efforts by UNDP to make the United Nations system more transparent for export federations, trade commissions and individual firms seeking knowledge of business opportunities. UNDP could establish a better system whereby information on the projects approved was made available to interested parties. For example, all the UNDP Regional Bureaux should keep available an updated data-base of forthcoming projects and of projects that were in the process of being approved.

64. UNDP's Action Committee should also be able immediately to disclose all newly approved projects. She welcomed the attempts made in that regard through the distribution of the so-called "Update" bulletin, the first of which had been received by missions in New York on 2 May 1988 and included projects approved by the Action Committee as of 30 March 1988. However, that information would have been even more valuable if it had come a month earlier.

65. She also welcomed IAPSU's initiative to prepare a special binder on the under-utilized donor countries and hoped it would be effectively used by technical personnel and procurement departments in United Nations Headquarters, as well as at the field level.

66. Although UNDP lacked the capability to influence the procurement activities of the executing agencies directly, it was in full control of those functions in the operations within its own organization. It was regrettable, therefore, that the Nordic countries appeared to be losing ground even there in terms of procurement, particularly in respect of the procurement of services exempted from the international bidding practice. The Nordic countries felt that the procurement problems of developing countries and under-utilized donor countries were not being taken seriously enough by UNDP and the agencies.
67. The Nordic countries wished to draw UNDP's attention to the possibility of utilizing the existing UNIPAC facilities for business contacts covering the Nordic countries. Since presence in the area seemed to be one of the crucial preconditions for increased procurement, the Nordic countries would request the Administrator to look into that option.

68. She also urged the Administrator to strengthen IAPSU so that it would be better able to meet increasing demands, with particular emphasis on the need to create a closer liaison with the under-utilized donor countries, so as to attain an equitable and fair distribution of procurement among the donors and the recipients of the UNDP-funded activities.

69. The Nordic countries were not trying to prevent procurement from the countries where price, quality and other conditions were the best, but were urging that the United Nations should address more actively a very real problem affecting a group of countries which not only accorded high priority to their participation in international co-operation but also - as shown by their extensive foreign trade - had industries generally considered to be competitive. She hoped that the United Nations system would take a more active and constructive attitude to that problem.

70. Mr. PARK (Republic of Korea) said that the trend towards increased procurement of equipment and services from developing countries should continue in order to improve TCDC. In that connection, it was necessary to provide information about the procurement opportunities for projects undertaken by the United Nations system. Accordingly IAPSU's activities such as publishing the General Business Guide and advertising forthcoming projects in Development Business should be expanded. UNDP, the executing agencies and procurement personnel in developing countries should give more favourable consideration to the goods and services of developing countries, particularly newly industrialized countries such as his own. Korea was already one of the 12 leading countries in total world trade. Despite some increase over the previous year, the share of procurement from developing countries was still at the low level of about 20 per cent. The Administrator should make further efforts to increase it. He agreed with the observation in the report (DP/1988/20, paragraph 4) that an important step in that direction would be the availability of verified information on products, etc., in respect of each country. He welcomed the publication and distribution by IAPSU of information binders for individual developing countries and hoped that more developing countries would soon be covered in that fashion.

71. Mr. ALOM (Observer for Bangladesh) said that, while his delegation appreciated the treatment of the issue of procurement from developing countries in document DP/1988/20, it would be more useful if a summary overview of procurement statistics for the last three to four years could be presented so that the Council could obtain a comparative picture of procurement by country and by year.

72. Bangladesh used a considerable amount of its IPF for equipment and supplies, and many of the project materials were available locally. His Government was pleased to see that UNDP and the specialized agencies had been procuring more equipment and services from the developing countries. Certain
common principles and guidelines still needed to be drafted, however. His
delegation would plead strongly for gradually increasing local procurement and
a standard modality. It also considered that the existing price preference
treatment given to procurement from developing countries should be carefully
observed by all the agencies.

73. Mr. AGUARONE (Netherlands) asked how, and how often, the Administrator
intended to update the binders because, despite their expense and
labour-intensive nature, such binders were of the utmost importance.

74. With regard to the resistance of recipient Governments to procurement
from developing countries, it was a misconception that products from such
countries were of poorer quality. His delegation wondered whether the
Administrator had any ideas regarding that psychological problem and how it
could be tackled. Another difficulty was that procurement professionals were
creatures of habit, and efforts must be made to make them change their buying
patterns.

75. Mr. KRAMER (Canada) said his delegation fully endorsed the remarks made
by the representative of Finland on behalf of the Nordic countries. The
Administrator's report (DP/1988/20) told a sorry tale in terms both of the
developing countries and the under-utilized major donor countries. Past
results had been discouraging.

76. His Government considered that the information provided by IAPSU on
equipment and sub-contracts was still too narrow for it to be possible to
assess the results of procurement from the developing countries. The
review of programme and project activities: project personnel (document
DP/1988/19/Add.1) on the distribution of international and national experts
indicated that a high proportion of the staff of UNDP-financed programmes came
from the developing countries. As staff accounted for a large part of
spending, a complete picture required that that factor be taken into account.

77. His delegation wondered what steps could be taken to improve the
accessibility to information for UNDP-financed projects and procurement
opportunities. In 1987, the Administrator had undertaken to ensure that the
Obligations and Payments System (OPS) would make information on procurement
opportunities available in a more organized and useful fashion. That had not
occurred, however. More accessible information would be of great help to many
countries, particularly the developing ones.

78. Mr. KATES (United States of America) said that his delegation noted with
satisfaction that there was an upward trend in procurement from the developing
countries. His Government supported the concept of increasing such
procurement, as long as it was consistent with standard United Nations
procedures. It would oppose, however, increasing procurements from developing
countries and under-utilized donor countries by artificial means, in
particular through the waiving of open bidding. In that context, his
delegation welcomed the endorsement of that principle by the Nordic countries.
79. His delegation reiterated the importance of the measures taken by recipient countries to create an environment that would allow their enterprises to take advantage of United Nations procurement activities. Perhaps the greatest constraint to increased procurements from developing countries was that the recipient countries often preferred to pay more for procurement from industrialized countries, owing to a perception of higher product quality.

80. His delegation supported the vital role played by IAPSU in bringing coherence and cost savings to UNDP's procurement process.

81. Ms. LEE (Observer for Australia) commended IAPSU's efforts to increase procurement from the developing countries and the under-utilized donor countries. Her Government welcomed the United Nations policy of procurement from developing countries by the specialized agencies wherever it was feasible, cost-effective and efficient. It noted with satisfaction that procurement had increased slightly in 1987 and hoped that that trend would continue.

82. Her Government considered that the need for efficiency in all United Nations operations included procurement practices. Effective and efficient procurement practices would help bring about a more equitable distribution of procurement from the under-utilized donor countries as well as from the developing countries.

83. Her Government was disappointed at the decline in procurement from under-utilized donor countries, and encouraged a search for other mechanisms to improve procurement performance.

84. Mr. MANCZYK (Poland) said that his Government, which had initiated a special binder on procurement sources in Poland, was pleased at the increased procurement from developing countries as indicated in the Administrator's report (DP/1988/20), although there were still many constraints to be overcome. The measures proposed in the report would help to achieve better results.

85. His delegation welcomed the growing awareness of the problem on the part of the specialized agencies and the readiness to give high priority to the need for making effective use of the capabilities of the developing countries, and it noted with satisfaction the 15 per cent price preference for indigenous supplies. The resident representatives had a role to play in that regard. His Government was pleased at the increasing use of local capabilities through the employment of national project personnel and national contractors.

86. Mr. THYNESS (Assistance Administrator for Special Activities), replying to the questions that had been asked, said that it was impossible to force the specialized agencies, which were autonomous bodies, to provide better or more timely statistics. When the various representatives returned to their capitals, they might perhaps prevail upon their colleagues attending the legislative bodies of the agencies to raise the matter and to apply some pressure.
7. With regard to the balance between the various IAPSU mandates, it was necessary to put resources where they best served the interests of the Council and where they did the most good. Although IAPSU should, indeed, have more staff, throwing staff at problems was not necessarily a solution. The administrator would not hesitate to request more staff if it would help the situation.

8. A major problem was the conservatism not only of the procurement units of agencies and UNDP and of technical personnel, but even of the sellers. Although short listing of firms from developing countries still did take place, he cited the typical case of a country which had received seven invitations to bid on products produced in that country. Five of those invitations had not even been answered. That situation often occurred not only in respect of the developing countries but also in the case of the under-utilized major donor countries. Moreover, private industry was naturally conservative, and there was a tendency to rely on regular buyers, just as buyers tended to rely on regular suppliers.

9. Concerning the question of open bidding, there was no question of waiving that procedure. Competition must be in accordance with United Nations rules and regulations, and there would be no compromising of those principles.

10. Efforts would be made to provide better statistics, to present tables with a time perspective and to include statistics on personnel.

11. Mr. SVENDSEN (Chief, Inter-Agency Procurement Services Unit (IAPSU)) said that three types of binders were being prepared by IAPSU. Procurement from developing countries was a major priority, and IAPSU was working closely with the developing countries and their IPP funding to produce those binders. Once there was a more complete survey of what was available in the developing countries, the agencies would have the opportunity to use those sources and it would be difficult not to use them. It would also be simpler to find out why such information was not being used. The Brazilian binder had been used successfully and the Indian binder contained numerous products, offered at competitive prices, that were of interest to UNDP. The situation was thus encouraging.

12. Binders were also being produced for the under-utilized major donor countries. The work on those binders was being carried out by the Governments themselves. They were supplying the sources, and information was arriving that could be computerized and used for preparing the binders. IAPSU had the facilities to reproduce those useful guides at a low cost.

13. With regard to the utilization of accumulated non-convertible currencies, he cited the case of the German Democratic Republic, whose first binder had been produced from technical details provided by the Government itself. There again, the binder had been made at a low cost. IAPSU was in the process of producing a similar binder for Poland and would, perhaps, do so for other socialist countries.
94. The point was that IAPSU had definite cost priorities. Its only direct costs were its time, paper and dissemination through its own channels. In that connection, it was using Nordic suppliers for paper, and there might be other sources, notably Canada, where it might benefit from equally low prices. IAPSU was eager to demonstrate that it made use of the sources it had itself identified.

95. Over the past three years, IAPSU had been pressing for improvements in statistical reporting. A major shortcoming had been that many agencies regarded it as a bureaucratic burden. It would help if the representatives of the members of the Governing Council to the specialized agencies would remind them of the importance of statistical inputs.

96. Advanced business notices had been a problem for a long time. IAPSU had previously agreed with the agencies that only projects in excess of $US 100,000 per individual contract should be advertised, because the agencies had been concerned about the extra work of responding to inquiries. As an interim measure, it had been agreed that all individual contracts over $US 100,000 would be advertised. In the interim period, however, only 8 to 10 per cent of the contracts had been covered. UNDP Headquarters had then devised a new mechanism through the Action Committee, and IAPSU was pleased to note that it was picking up an increasing number of projects. It had even managed to insert a full page in Development Business containing not only Action Committee approvals but also contract awards. IAPSU encouraged colleagues to submit such information, because it showed what had happened to the contract. That was also useful for the business community.

97. As a next step, IAPSU would attempt to pick up all smaller contracts in the field, because it currently estimated that only 50 to 60 per cent of the business opportunities were logged into the current system. There must be a better way to find business opportunities at an earlier stage.

98. Standardization came into the process through common user items. Such items should not be publicized, because to do so would only waste the time of those who might be interested. Particular attention was being paid, within the standardization programme, to ensuring the inclusion of qualified suppliers in the developing countries themselves and, where they could be found, in the under-utilized major donor countries.

99. He drew attention to the 16 June issue of Development Business. IAPSU had been encouraged to universalize its publications, i.e. not only to emphasize UNDP's own funding, but also to make the heading of such a universal nature that agencies' own funds could be included. He was pleased to note that, for the first time, the heading "United Nations system" had been included. That should enable IAPSU to pick up business opportunities funded from other agencies, which IAPSU was funding directly.

100. The PRESIDENT said that, if he heard no objection, he would take it that the Council wished to refer agenda item 4 (a) (ii) to its Drafting Group for the elaboration of a draft decision on the subject.

101. It was so decided.
SPECIAL MEASURES FUND FOR THE LEAST DEVELOPED COUNTRIES

102. Mr. LOUP, (Director, Least Developed Countries Support and Co-ordination Unit), introducing the item, recalled that pursuant to a request of the General Assembly at its twenty-sixth session, UNDP had been allocating special funds for the least developed countries since 1972; those resources, which had become known as the Special Measures Fund for Least Developed Countries, had subsequently been augmented by a few countries which had consistently pledged separate contributions to the Fund.

103. The Substantial New Programme of Action to the 1980s for the Least Developed Countries, adopted by the United Nations Conference held in Paris in September 1981, had urged donors to make adequate special allocations to the Fund, but the expected increase in contributions had not taken place to any significant extent. To revitalize the Fund, the Administrator had made proposals in June 1985 (DP/1985/II, paragraphs 21 and 22) which had been endorsed by the Governing Council in its decisions 85/11 and 86/22. Accordingly, from 1986, SMF financing had been concentrated on the two sectors - policy and planning studies and grass-roots activities - proposed by the Administrator. Two successive allocations of $1.4 million and $1.26 million has also been made from the Fund to the Special Public Work Programme (SPWP) which executed labour-intensive work in developing countries, mainly in the least developed.

104. In addition the management system of the SMF had been changed and the pro rata distribution of SMF resources to all LDCs in proportion to their indicative planning figures had been discontinued. With the exception of the amount of $2.66 million, corresponding to the funding of the SPWP, and the $2.97 million set aside as a central reserve, the funds had been allocated by region to be placed at the disposal of the four regional Bureaux, using the pro rata criterion, but without actual distribution to individual countries. Proposals for SMF financing, including co-financing with IPF resources, were sent by the field offices to the Regional Bureaux for their approval on a project-by-project basis. The central reserve was intended to complement the SMF allocations of the Regional Bureaux and provide flexibility in their regional distribution.

105. The break-down of the funds committed between the beginning of 1986 and 31 March 1988, according to the area of concentration, in line with the standing instructions of the SMF were:

1. Economic management, including co-ordination assistance 57.8 per cent
2. Grass-roots activities and non-governmental organizations 19.8 per cent
3. Special Public Works programmes 12.3 per cent
4. TOKTEN, UNVs and OPAs 4.9 per cent
5. Other 5.2 per cent.
106. Following the changes in the modus operandi of the SMF in 1985, there had been a slow-down of commitment: field offices had to be informed of the new rules and whereas previously SMF-financed projects under a certain ceiling could be approved in the field, under the new rules all such projects had to be approved at Headquarters. That had initially resulted in delays and there had been a fall in the level of disbursement in 1987, but that was being remedied. A pipeline of projects had been built up and field offices had been reminded of the need to speed up the rate of commitment and expenditure on SMF-financed projects.

107. Certain contributors to and recipients of the Fund had indicated that it might be desirable to review its rationale and objectives. While the guidelines endorsed by the Governing Council in June 1985 redirected the utilization of the Fund towards specific priorities, its financing remained scattered over several unrelated areas of activities. Such dispersion blurred the identity of the Fund and might also limit its attractiveness to potential contributors. A narrowing-down of the Fund’s activities to a more limited number of priorities might therefore be considered with advantage. At the current stage, the Administration had not worked out specific proposals for a possible reorientation of the Fund.

108. As could be seen from the figures he had quoted, over half of the SMF funding currently went to support economic management and consequently the Fund might have a major role to play in the context of the proposed management facility. It had therefore been deemed preferable to wait until the Council had taken a decision on the proposed facility before seeking guidance about a possible reorientation of the Fund in that direction. The Fund might also render assistance to LDCs by financing preparatory meetings for the forthcoming Review Conference on the Least Developed Countries. He hoped that the members of the Council would provide the Administrator with specific advice on that issue.

109. Mr. ROHNER (Switzerland) said that a report on the SMF had been requested in February so that the future of the Fund and the reasons for its continued existence, in view of the declining number of donors, could be discussed. It was not possible for the Council to go further without written comments by the Administrator. He would request that Mr. Loup’s statement be distributed as a basis for consultation. In addition, he hoped that the Administrator would provide the Council with figures on the use of the Fund over recent years and the amount of resources not currently committed.

110. His delegation would study the suggested use of the Fund for the management facility and discuss it with the beneficiaries. It would likewise wish to have the views of beneficiaries about preparatory meetings for the 1990 Review Conference. The current group of donors was so small that the multinational character and viability of the Fund were at risk. Its mandate should be reviewed with the aim of making it more attractive. He would request the Administrator to provide a report on the subject in February 1989 which would also take account of the ongoing negotiations on the utilization of the additional resources.
111. Mr. PAYTON (New Zealand) endorsed the suggestion that Mr. Loup's statement should be circulated. UNDP had a major role to play in ensuring that the least developed countries were adequately prepared for the 1990 Conference by meetings which brought together experts both on and from such countries. He hoped that the Administrator and Mr. Loup would put forward explicit proposals about the future utilization of the Fund, as the Council was concerned about the matter.

112. The PRESIDENT said that Mr. Loup's statement would be distributed to the members of the Council.

113. Mr. OMAR (Sudan), having stressed the importance of the SMF in supporting the least developed countries in their continuous endeavours to overcome obstacles, said that his own Government was relying on the Fund to assist it in preparing for the 1990 Conference. He urged the donor countries to provide additional resources to SMF.

114. Mr. LOUP (Director, Least Developing Countries Support and Co-ordination Unit), replying to the comments of delegations, said that he would approach the delegations principally concerned before the end of the Council's session. He had noted the request of the representative of Switzerland for a report in February 1989. The amount of funds not currently committed was of the order of $18 million, a little more than the estimate for 1988. In view of the fact that the Fund financed complete projects, it was prudent to allow a period of about six months between the time when funds became available and the time when they were committed, but the delay in committing funds to which he had referred had largely been rectified.

115. The PRESIDENT said that, in the absence of further comment, he would take it that the Council wished to take note of Mr. Loup's statement and the observations made by delegations.

116. It was so decided.

The meeting rose at 5.55 p.m.