In 2003, for the first time in the history of the United Nations Development Programme, our total resources exceeded $3bn – demonstrating the support and confidence the new UNDP enjoys from donors and programme countries alike. After four years of rigorous and painful reforms, UNDP is doing more than ever – and doing it more effectively than ever – to deliver results across our worldwide network in the areas of democratic governance, poverty reduction, crisis prevention & recovery, energy and the environment, and HIV/AIDS.

But we cannot afford to be complacent. Our stakeholders increasingly expect programme performance to be measured against global best practices and clear benchmarks for development effectiveness. They want cost-effective initiatives with the maximum possible impact.

Which is why IAPSO has such an important role to play. With its self-financing capability and worldwide experience with procurement operations and supply chain management, it is an outstanding example of UNDP’s in-house know-how.

By listening carefully to clients, IAPSO partners with stakeholders everywhere, sharing and developing solutions that have a real impact on the bottom line. That frees up resources that can be spent where they’re really needed – to help people who are often in the most difficult circumstances build better lives for themselves.

Jan Mattsson, UNDP Assistant Administrator and Director, BOM
Our goal is to keep making a difference

Celebrating 25 years of operation, IAPSO has come of age in the procurement field. We are delivering more services than ever before and continue to be a catalyst for procurement reform with our innovative solutions. Our global reach continues to grow with deliveries and projects in over 100 countries throughout the world. As our ability to make an impact evolves, so too does our service quality and reputation. Our customers and stakeholders are our raison d'etre. With this in mind, we continue to strategically focus on four aspects of delivery:

• Promote and enhance the standards of the procurement profession within the UN system
• Provide state-of-the-art systems contracting solutions
• Provide flexible and professional procurement capacity
• Assist our customers in developing their own procurement capacity

We are in sound financial shape, giving us room for development of long-term projects like the procurement reform of governmental bodies and the development of a public procurement education. As a sought after partner in the public procurement arena, IAPSO’s goal is to demystify public procurement. And make a difference to you, and with you – our customers.

IAPSO Management
Providing countries with the ability to procure themselves

Our role as consultants, assisting governments in transforming their public expenditure management systems and procurement capacity, is at the heart of IAPSO and UNDP’s mission. Governments spend significant amounts of money on procurement which is often wasted through inefficiency, bad planning, malpractice and outright corruption.

Taking an innovative approach, we work with the government and UNDP country offices to facilitate sustainable improvements that complement existing structures with future reforms firmly in sight. We also work with the government and a wide range of local stakeholders, including civil society, to ensure that ownership of the change process remains in the hands of the people closest to it – those who have the local knowledge vital to achieve transparency and self-sufficiency.
Our continued partnerships with governments and UNDP in both Sierra Leone and Uganda have shown promising results. The Sierra Leone government is well on the way to a reform of its public procurement system. Led by the Vice President and with the assistance of the UNDP country office and IAPSO, procurement managers and practitioners and the business community are developing short to medium term improvements whilst awaiting the introduction of a new procurement law.

The Ugandan government has recently completed a comprehensive procurement reform. Together with the relevant public bodies, IAPSO is training officials in the implementation of the new procurement law.

These are examples of how we combine our specific expertise in procurement related issues with their expertise in wider governance issues and other donor related issues. For more information, contact: Kirsten.jensen@iapso.org.
Taking our training programme further with NIGP

Each year, IAPSO delivers procurement training courses around the world to staff of UN agencies and development organizations. Delivering 25 standard courses to over 350 participants around the world, it was business as usual for 2003.

Keeping the future firmly in mind, one of the most exciting initiatives was the launch of a complete reform of the procurement learning programmes which IAPSO offers its clients. In alliance with the National Institute of Government Purchasing (NIGP) in the United States, IAPSO is developing a public procurement, professional development scheme based on NIGP’s LEAP programme. The new programme will be introduced during 2004 and will consist of modules that build upon each other to provide the public procurement official with a complete, well-rounded education using a variety of learning concepts and styles. For more information, contact: Kirsten.jensen@iapso.org.
Procuring answers to procurement

The Inter-Agency Procurement Working Group (IAPWG) is a knowledge sharing and networking body of procurement professionals throughout the United Nations system that has been in existence for 28 years. Each year, the IAPWG meets to share experiences and discuss procurement issues and advances both inside and outside the UN system. In 2003, representatives from 29 UN agencies met in Poland for the 28th IAPWG meeting.

Participating in active and informed discussions, the UN Heads of Procurement tackled a range of issues, including developments in e-procurement across the public sector, supplier diversity and common supplier portals. For more information, contact: kirsten.jensen@iapso.org.
For the first time in three decades, the citizens of Afghanistan have the opportunity to register to elect a representative government. The number of eligible Afghan voters is estimated to exceed 10 million and includes refugees, internally-displaced persons, returnees and nomads. Many of these people live in remote and insecure areas.

A joint project of the United Nations Assistance Mission to Afghanistan (UNAMA) and UNDP, in cooperation with the Interim Afghan Electoral Commission, the Voter Registration Project sends teams of UN representatives far and wide throughout the country to register voters. And IAPSO is helping them get there. Selecting vehicles suited to the terrain and with in-country repair possibilities, a fleet of Russian vehicles were sourced by IAPSO to get the teams around the country.

Departing the Russian manufacturer in mid-winter, the jeeps travelled by rail to Northern Afghanistan where they were met by hundreds of Afghan drivers recruited to drive them in convoy to Kabul, passing through the Salang tunnel – 3,300 metres above sea level in the Hindu Kush mountains and one of the longest tunnels in the world.
Fitted with radio equipment, the vehicles enabled the election officials to keep in touch with their Kabul base and other teams around the country. For more information on the Voter Registration Project, visit http://mirror.undp.org/afghanistan/ or contact: neil.donovan@iapso.org.

IAPSO to the rescue in Trinidad and Tobago

An out-of-date and unserviceable ambulance fleet had Trinidad and Tobago’s ambulance crews in despair. Only eight of their 40 ambulances were in service. So in December 2003, they went on strike. Following a thorough inspection of requirements, IAPSO and the UNDP country office released an invitation to tender. On Christmas Eve, the first consignment of a new fleet of modern, well-equipped ambulances was shipped to Trinidad and Tobago. After training with the British Red Cross, the ambulance crews took over their new fleet and now provide a reliable and safe service to the community. For more information, contact neil.donovan@iapso.org.
With a deteriorating political situation in Cote d'Ivoire, the African Development Bank took the decision to relocate its headquarters from Abidjan to Tunis, the capital city of Tunisia. As hundreds of staff made the move over to Tunisia, AfDB had to quickly set up operational headquarters in its new premises for its staff to continue their vital work.

With little time at hand, IAPSO was called upon to rapidly source large quantities of office furniture, IT equipment and accessories. And to ensure minimal interruption to AfDB’s services. The move was made quickly and efficiently. AfDB continues to deliver on its important mission as one of the five major multilateral development banks enabling countries to achieve their development objectives. It also celebrates its 40th anniversary this year. For more information contact: francoise.boust@iapso.org.
The Global Fund was created in 2002 to finance a dramatic turnaround in the fight against HIV/AIDS, tuberculosis and malaria. These three diseases kill more than 6 million people each year, and the numbers are growing. As a partnership between governments, civil society, the private sector and affected communities, the Global Fund represents a proactive approach to international health financing.* UNDP operates in numerous countries as the Principal Recipient (PR) of allocated funds, providing financial management and administrative capacity.

Funds are primarily used for the purchase of health care equipment and supplies, including laboratory and diagnostic equipment, pharmaceuticals and preventive treatment. Partnering with many UNDP country offices, acting as Principal Recipients, IAPSO provided procurement advice and expertise on sourcing and the supply chain, including the establishment of long-term agreements for laboratory health care equipment and supplies for detection and diagnosis. For more information, contact: cyrille.pernette@iapso.org.

*From the Global Fund website, www.theglobalfund.org
Since 2001, IAPSO has been the procurement agent for the Global Drug Facility (GDF) whose aim is to provide access and availability of high quality TB drugs. The GDF is an initiative of the Global Partnership to Stop TB, which has successfully communicated and brokered resource flows of TB treatment. For the first time, public health bodies can now procure these life saving pharmaceuticals directly from IAPSO’s Stop TB purchasing site (www.unwebbuy.org).

Treatments are more easily sourced and available through this site, and combined with advanced track and trace facilities, it has never been easier to get an uninterrupted supply of TB pharmaceuticals to the countries where it is needed most. It is a successful example of how we are putting new internet technologies to work in ways that contribute to human development.
Making global access more global

Embracing improved technology, the UNCSD underwent significant redevelopment during 2003 to re-emerge late in the year as the United Nations Global Marketplace (UNGM). The name change was not the only difference. For the first time, procurement officers in the UN system now share accurate supplier information which has been evaluated and approved by at least one UN agency. It has never been easier for UN procurement staff to access quality sources of supply that meet their regulations.

Suppliers enjoy the ease of a one-stop entry point to the UN procurement system as well as a rich information source detailing the business processes of the UN. Further improvements are already in the pipeline – keep an eye on www.ungm.org for more details.

The UNGM is the result of the collaboration of 14 UN agencies whose aim is to share their sourcing experiences around the globe using Internet technology. These 14 UN agencies constitute approximately 70% of UN procurement volume. For more information, contact: kerry.kassow@iapso.org.
Tough but tender

It might be tough to win an automotive tender with IAPSO, but now it’s easier to enter a tender. In a salute to innovation, IAPSO launched the first web-based tender in the UN system. Suppliers logged in and entered technical data, pricing and even images of their automotive products directly to the dedicated website (www.unwebtender.org).

Catalogue production time was reduced by 90% as we took advantage of Internet technology without the need to re-engineer the procurement process or compromise rules and regulations. The result of the tender forms the basis of a Supplier Portal where suppliers maintain and update their data online. This shortens the lifespan of the tender and gives us up-to-the-minute pricing and specifications. For more information, visit www.unwebtender.org.
Based on IAPSO’s UN Web Buy system, the WHO Web Buy is custom built for the World Health Organization by IAPSO’s Internet software development team. The system includes tools for WHO to build catalogues, giving regional offices the ability to source goods online. WHO Web Buy has a sophisticated workflow management system which is not only integrated with the WHO financial system but also has online approvals and funds availability checks. The system is being phased in at WHO regional offices. And in the near future, WHO project and corporate procurement will flow through WHO Web Buy. For more information, contact: dennis.cleary@iapso.org.
Premiering in 2003, the Procurement Sub-Practice Network (PSPN) was set up by UNDP as a knowledge management tool for UNDP procurement practitioners. The network connects UNDP procurement staff around the globe in over 100 country offices and aims to build the procurement competence of staff through sharing of best practices and experiences in procurement. As a specialized procurement office of UNDP, IAPSO jointly manages the network with UNDP’s Office of Legal and Procurement Support, based in New York. Participants share information on topics as varied as approval thresholds for contracts, quality standards, bidding documentation, equipment disposal and environmental considerations. As well as information about the procurement profession and educational opportunities.

With the introduction in 2003 of a new Enterprise Resource Planning (ERP) programme throughout UNDP, the network has proved valuable for staff to assist each other with implementation and usability of the new ERP system. The PSPN currently has 748 registered UNDP users. For more information, contact: david.griffin@iapso.org.
Orchestrating information in UNODC

An initiative of the UNODC, authorities in Uzbekistan, Tajikistan and Kyrgyzstan introduced a system to exchange intelligence and operational information between agencies involved in combating illicit drug trafficking.

In cooperation with UNODC, IAPSO assisted in the procurement of a Criminal Intelligence system that included computers, specialized software for information gathering, processing, storage, exchange and analysis, as well as training during implementation. With the success of this project, other countries in the region look to it as an example and are interested in creating similar initiatives. For further information on this and similar UNODC projects visit www.unodc.org or contact: alfonso.fernandez@iapso.org.
Launched on the 11th of June 2003, IAPSO’s online IT catalogue took the honour of being the first catalogue in IAPSO’s history to be maintained and updated by leading IT manufacturers using Internet technology. The catalogue contains a large variety of IT hardware and software, such as personal computers that meet the standards set by UNDP’s Office of Information Systems Technology (OIST) – particularly important to UNDP offices since the introduction of the Peoplesoft ERP system during 2003.

The concept provides instant online generation of IT quotations, including airfreight and insurance charges to more than 140 countries throughout the world. As with all of IAPSO’s catalogues, the items are the result of an international competitive bidding exercise culminating in long-term agreements with suppliers. This, in addition to access online, saves our clients time and money. For more information, contact: poul.muller@iapso.org.
## Financial results 2003

### Statement of income and expenditure (USD thousands)

<table>
<thead>
<tr>
<th></th>
<th>Year 2003</th>
<th>Year 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement fees</td>
<td>4,239</td>
<td>3,237</td>
</tr>
<tr>
<td>Training fees</td>
<td>294</td>
<td>439</td>
</tr>
<tr>
<td>Consultancy income</td>
<td>163</td>
<td>102</td>
</tr>
<tr>
<td>Miscellaneous income*</td>
<td>1,544</td>
<td>437</td>
</tr>
<tr>
<td>Total income</td>
<td><strong>6,240</strong></td>
<td><strong>4,215</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff cost (fixed term staff only)</td>
<td>2,255</td>
<td>1,695</td>
</tr>
<tr>
<td>General operating expenses (incl. temporary staff)</td>
<td>2,233</td>
<td>2,146</td>
</tr>
<tr>
<td>Total expenditure</td>
<td><strong>4,488</strong></td>
<td><strong>3,841</strong></td>
</tr>
<tr>
<td><strong>Excess of income over expenditure</strong></td>
<td>1,752</td>
<td>374</td>
</tr>
<tr>
<td>Less: provision for restructuring cost</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Less: extra-ordinary income</td>
<td>847</td>
<td>0</td>
</tr>
<tr>
<td>Net operating income</td>
<td>905</td>
<td>274</td>
</tr>
<tr>
<td>Procurement volume</td>
<td><strong>$89.77m</strong></td>
<td><strong>$81.99m</strong></td>
</tr>
</tbody>
</table>

The above figures are as submitted to the consolidated accounts of UNDP.

* In 2003, Miscellaneous income includes an extra-ordinary income of about USD 850K.
With a 10% increase in turnover, IAPSO tripled its net operating surplus for the year. Whilst traditional training income was low, Consulting Services showed a substantial growth of 60% since its inception 2 years ago. Continued efforts to keep costs under control and to increase revenue are the key factors behind IAPSO’s performance, despite unfavourable exchange rates against the dollar. For more information, contact: chitra.venkat@iapso.org
Our suppliers in 2003

Amerikor Sales and Service
Auto Trading
Brightmail
Bukkehave
Butyl Products
CLOER International
Codan UK
Conrico International
Daimler Chrysler
Danimex Communication
Dell Computer
GMISU
Hewlett Packard
Honda Trading Corporation
Intertek Testing Services
Isuzu Motors
Iveco Trucks
Kamaz Foreign Trade Company
King Trailers
Kjaer & Kjaer Worldwide
Kuehne & Nagel
Kuehne & Nagel Dal Logistics
Kurt Thomassen
Land Rover & Ford Project Vehicles
Macclesfield Motor Bodies
Maersk Data Industries
Mahe Airfreight
McDevitt Communications
Medicsport
Miguel Frankenfeld
Motorola
Netdesign
Nissan Trading Company
Nissan Trading Europe
Peter Justesen Company
Phoenix Trykkeriet
S.F.C.E.
Sodexa
Spinneys 1948
Stryker Howmedica Osteo
TDC Totallösninger
Tomen Corporation
TopNordic
Toyota Gibraltar Stockholdings
Toyota Motor Corporation
Toyota SA Marketing
PJSC Ulyanovsky Avtomobilny Zaved
Vladimir Vedrashko
Volvo Car Corporation
Volvo Cars International
Yamaha Motor Company

Countries of supply in 2003

JAPAN 43.29%
DENMARK 21.52%
NETHERLANDS 12.33%
RUSSIAN FEDERATION 8.92%
UNITED KINGDOM 7.63%
UNITED STATES OF AMERICA 2.14%
GIBRALTAR 0.91%
CANADA 0.89%
FRANCE 0.82%
SWEDEN 0.42%
SWITZERLAND 0.41%
GERMANY 0.40%
AUSTRIA 0.18%
CHINA 0.13%
TURKEY 0.08%
UNITED ARAB EMIRATES 0.07%
SOUTH AFRICA 0.06%
SPAIN 0.03%
PAKISTAN 0.03%
UNITED REPUBLIC OF TANZANIA 0.02%
BELGIUM 0.02%
NORWAY 0.01%
JORDAN 0.003%
CZECH REPUBLIC 0.0003%
FINLAND 0.0001%
Our customers in 2003

Church of God
Church World Service
Concern Worldwide
Crown Agents Denmark
Danish Association for International Cooperation
Danish Foreign Ministry
Danish International Development Agency
Danish Red Cross
Danish Refugee Council
Deutsche Gesellschaft für Technische Zusammenarbeit
Deutsche Weltungerlife
Deutscher Entwicklungsdienst
Directorate General International Cooperation
Eglise Evangélique Lutherienne Cameroon
EIPENE International Christian Service for Peace
Embassy of Finland
Embassy of Indonesia
Embassy of Ireland
Embassy of Norway
Emmanuel International
Enfants et Développement
European Bank for Reconstruction & Development
European Commission
Federal Institute of GeoSciences & Natural Resources
Finnish International Development Agency
Fondation Damien
Food & Agricultural Organization

Foundation Isidore Bakanja
German Red Cross
Global Drug Facility (WHO/GDF, Stop TB)
Handicap International
Hans Seidel Stiftung
HIFAB International
Indian Ocean Tuna Commission
Integrated Socio-Economic Development Programme
Inter-American Center of Tax Administration
Inter-American Development Bank
International Center for Tropical Agriculture
International Center for Research in Agroforestry
International Center of Insect Physiology
International Civil Aviation Organization
International Cooperation for Development & Solidarity
International Criminal Court
International Crops Research Institute
International Finance Corporation
International Fund for Agricultural Development
International Fund for Agricultural Development Borrowers
International Labour Organization
International Livestock Research Institute
International Maize & Wheat Improvement Center
International Medical Cooperation Committee
International Monetary Fund
International Organization for Migration
International Rice Research Institute
International Telecommunications Union
Irish Aid
Jóvenes del Tercer Mundo
Kenya Agricultural Research Institute
KNCCV Tuberculosebestrijding
Konrad Adenauer Foundation
Lions Aid Norway
Malteser Hilfsdienst
Management Sciences for Health
Medecins sans Frontieres Logistique
Medical Research Council
Menschen für Menschen
Ministry of Agricultural & Food Security
Ministry of Health
Ministry of Rural Development
Mission Aviation Fellowship
Multi-Sectoral HIV/AIDS Project
Netherlands Development Organization
Netherlands Leprosy Relief Association
NIC International
Norwegian International Development Agency
Norwegian Lutheran Mission
Norwegian People's Aid
Organization for the Prohibition of Chemical Weapons
OXFAM
Pan American Health Organization
Pastoral Community Development Project
Pathfinder International
PMU Interlife
Population Services International
Redd Barna
Riksrevisionsverket
Royal Danish Embassy
Royal Netherlands Embassy
Save the Children Foundation
Swedish Cooperative Center
Swedish International Development Agency
SweRoad
Swiss Development Cooperation
Technisches HilfsWerk
The Consortium
The Ford Foundation
The Tropenbos Foundation
The Vivat Foundation
UN Educational, Scientific & Cultural Organization
UN International Criminal Tribunal for Rwanda
UN International Criminal Tribunal for Tanzania
UN Mission in the Democratic Republic of Congo
UN Office for Drug Control & Crime Prevention
UN Office for the Coordination of Humanitarian Affairs
UN Office of the Security Coordinator
UNAIDS
UNDP/ENRP Erbil, Northern Iraq
United Nations Centre for Human Settlements (Habitat)
United Nations Children Fund
United Nations Department of Political Affairs
United Nations Development Programme
United Nations Drug Control Programme
United Nations Economic Commission for Africa
United Nations Environment Programme
United Nations Framework Convention on Climate Change
United Nations High Commissioner for Refugees
United Nations Industrial Development Organization
United Nations Mission in Kosovo
United Nations Mission of Support in East Timor
United Nations Office Vienna
United Nations Office for Project Services
United Nations Office on Drugs & Crime
United Nations Population Fund
United Nations Secretariat
United Nations Transitional Administration in East Timor
United Nations Volunteers
Upham International/SIDA
USAID
Vacunas Sin Fronteras
VI Agroforestry Project
Watch Tower Society
Water Resources Coordination Committee
Client groups

- **UNDP**: 38.61%
- **IFI Borrowers**: 17.99%
- **Non-Governmental Organizations**: 16.57%
- **UN Agencies**: 11.63%
- **Government Organizations**: 6.27%
- **International Finance Institutions**: 5.90%
- **Inter-Governmental Organizations**: 2.78%
- **Multilaterals**: 0.26%

Where the goods went in 2003

- **Afghanistan**: 27%
- **Ethiopia**: 10%
- **United Republic of Tanzania**: 8%
- **Philippines**: 7%
- **Madagascar**: 5%
- **Trinidad & Tobago**: 5%
- **Malawi**: 4%
- **Haiti**: 4%
- **France**: 4%
- **Côte d’Ivoire**: 4%
- **Congo, Democratic Republic**: 3%
- **Kenya**: 3%
- **Zambia**: 3%
- **Nigeria**: 3%
Buying for a better world
- it’s as simple as that

At IAPSO, our strategy is simple – we strive to be your cost-effective, professional and flexible procurement partner. Our state-of-the-art procurement solutions meet your global and local needs and assist you in developing your own procurement capacity.

We offer:
• Procurement of items commonly required by the development community (e.g. motor vehicles, office equipment, IT)
• Tailored procurement solutions including specialist items (e.g. Stop TB pharmaceuticals)
• Emergency and post-conflict procurement expertise
• Expert procurement and supply chain management analysis and solutions
• Capacity development (consulting and training)

Procurement made simple
We are committed to providing a wide range of hassle-free procurement services. We’ve developed the UN Web Buy system – one of the most advanced e-procurement portals available, proven to reduce operational costs and transaction time.

The UN Web Buy system provides direct, on spec quotations which are the result of international competitive bidding complying with the strictest procurement regulations of the United Nations and International Finance Institutions.

IAPSO also hosts and maintains the UN Global Marketplace, connecting suppliers and UN buyers around the globe.

Who are we?
IAPSO is part of the United Nations Development Programme* (UNDP) and has a lead position in ensuring that procurement supports the United Nations global mission. Drawing on best practices from around the world, we provide high-level procurement, capacity building and advisory services to developing countries.

Working with us, you make a difference

*UNDP is the UN’s global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life.