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HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM) PROCUREMENT NETWORK

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Summary of Conclusions of the Sixth Session of the

High Level Committee on Management's Procurement Network

(2-4 September 2009, Paris, France)

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I.   INTRODUCTION AND BACKGROUND

1)   The *High Level Committee on Management's Procurement Network* held its 2nd session for 2009
        from 2-4 September 2009 at UNESCO's premises, Paris, France under the Chairmanship of Mr.
        Michael Cora (Director, UNESCO, Procurement Division). The Network *thanked* UNESCO for
        assisting with the logistical arrangements and for making their facilities available for the meeting.

2)   The Procurement Network meeting in Paris was *attended* by 26 of the 33 agencies registered as
        members of the Procurement Network. A total of 46 UN procurement representatives attended the
        meeting. A list of participants is provided[1].

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[1] List of Participants

3) The meeting followed the *format of three working days* with closed meetings and discussion for Network members around an agreed agenda[2]. Two working groups — the working group on Vendor Management and the working group on Harmonization — availed themselves of the opportunity to meet the evening prior to the start of the Procurement Network meeting.

4) In continuation with its *green meeting initiative*, registration was done on-line using a cost-effective internet-based facility. Paper copies of documentation were limited to an absolute minimum and available documentation was shared electronically. For more information on 'green' meetings/ events, please contact HLCM Procurement Network Secretariat at susan.struck@undp.org or find information on www.ungm.org or at this link.

5) Mr Amin Kinene from UNESCO *opened* the meeting reiterating the strategic importance of recognising procurement as a key function and commended the past accomplishment of the Network and its importance in terms of emphasising three prominent themes which sustain the work of this Network: collaboration, professionalization and sharing of best practices. Issues such as Delivering as One, sustainable procurement, and dealing with unethical vendors provide challenges to the Network, all of which are being addressed within respective working groups.

6) The Chairman *welcomed* participants to UNESCO and expressed his hopes and expectations to continue with fruitful and positive discussion around the agreed agenda in the spirit of collaboration which are one of the trademarks of the Network's work.

7) *Participants* introduced themselves and provided short statements of their *expectations* of the meeting. From these statements, it was clear that there was a need to review the work plans of the HLCM PN and its respective working groups in order to align deliverables and deadlines with resources available and to focus efforts. Expectations around forwarding the work on a common framework to deal with unethical vendors, as well as those around sustainable procurement were high on the agenda of all agencies. The maintenance and development of UNGM functionalities continue to be central on the agenda of the Network. Members uniformly expressed their appreciation for and the importance and benefits of meetings in terms of networking and knowledge sharing.

8) *Appreciation* for the work done by the chairpersons of the respective working groups and the contribution of resources by individual agencies to advance the work plans of the respective working groups was expressed. The contribution of the HLCM Procurement Network Secretariat was also recognised and warmly appreciated.

II. ADOPTION OF THE AGENDA

9) The *agenda* as adopted by the Procurement Network included:
   (a) From Vienna to Paris and Consolidation of Work Plans — Status report [3]
   (b) Progress report from the Working Group on Harmonization[4], including Financial Rules and Regulations status report and Support to One UN pilot country offices activities in cooperation with DOCO[5]
   (c) Progress report[6] from the UNGM Steering Committee and Working Group on Vendor Management.
   (d) Progress Report of the Working Group on Supplier Access [7]

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[2] Summarized Agenda of the 6th Meeting of the HLCM PN, Paris, France, 2-4 September 2009

[3] From Vienna to Paris Status Report

[4] Presentation on Progress Report of the Working Group on Harmonization

[5] Presentation on Progress Report from DOCO on One UN procurement efforts

[6] Annex 6.1: Presentation on Status of UNGM. Annex 6.1: UNGM Operational Report

(e) Progress Report of the Working Group on Professionalization [8]

(f) Progress Report of the Sub-Working Group Dealing with the Updating of UNCCS [9]

(g) Progress Report of the Working Group Dealing with Vendor Eligibility Project

(h) Progress Report of the Working Group on Sustainable Procurement[10]

(i) Show and Tell Session: UNGM at UNPD, UNICEF and UNFPA[11]

(j) Show and Tell Session: Dan & Bradstreet

(k) Show and Tell Session: CONSIP[12]

10) All *documents* concerning the session and related presentations can be obtained from the HLCM PN Secretariat at susan.struck@undp.org and will be made available on the new HLCM PN site hosted on CEB/HLCM site.

III.   FROM VIENNA TO PARIS — STATUS REPORT AND CONSOLIDATION OF WORK PLANS

11) The HLCM Procurement Network Secretariat provided a *status report and overview of activities* over the period since the Network's face-to-face meeting in Vienna, Austria in February 2009 and presented the results as a 'dashboard' highlighting targets met and targets delayed.

12) Comparisons between the *dashboards* presented for the Vienna meeting and the dashboard presented at the meeting in Paris clearly highlighted the progress made. It was suggested that items in red be moved upfront and prioritized for completion as many of these have been outstanding over a longer period of time.

13) *Membership* of the HLCM Procurement Network is steadily growing with active participation from more than 33 agencies represented by 88 members. Over the five months period 17 working group meetings/teleconference took place, as well as one workshop in co-operation with UNDOCO. Four surveys were launched to collect information and data to forward to work of working groups. Seven multi-agency UN Business Seminars were coordinated and attended, as well as the World Chamber of Commerce Congress in Kuala Lumpur, Malaysia.

14) At the previous meeting, it was requested to implement a tool to track time and resources invested by individual agencies to advance the work plans of the respective working groups as opposed to membership of a working group. *Statistics* kept by the HLCM PN Secretariat showed that there was a discrepancy in some working groups between membership and active participation and contributions to the work plans of the respective working groups. The Secretariat was requested to continue to collect these data for future purpose.

15) It was stressed that *participation* in working groups should be supported by resources (time or funding) to advance the work plans of the respective working groups. Continued active participation is required to maintain the pace, expectations and results accomplished.

16) Prior to the meeting, the respective *work plans* of the working groups have been reviewed and agencies/organizations highlighted those tasks that they would prioritize in terms of their own organization/agency's strategy, as well as those which they consider essential to move the agenda of

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[7]   Presentation on progress of Working Group on Supplier Access

[8]   Presentation on progress of Working Group on Professionalization

[9]   Presentation on progress of Working Group on Supplier Access

[10]   Presentation on progress of Sub-Working Group on UNCCS

[11]   Presentations by UNFPA and UNPD on use of UNGM in respective organizations

[12]   Presentations by CONSIP

the HLCM PN ahead. These priorities were discussed in the respective working groups and work plans will be adjusted.

17) Discussions with regard to the *most effective way* to advance priorities focused around a) the working group-concept and b) that of a lead agency made responsible for a particular output. It was agreed that the combination of these would be the most effective as smaller agencies/organizations simply did not have the resources, nor was it feasible for any one agency/organization to work in isolation, yet for certain objectives the lead agency concept work well, for example where UNPD took the lead in the updating of UNCCS.

18) The increasing *work load of the Secretariat* (which consists of one staff member) was also raised, as well as level of the staff member. These issues will be addressed by the Management Board and will be reported on at the next meeting.

19) UNDP has *funded the Secretariat* as per agreement with the HLCM PN and as it has done since the inception of the IAPWG. The new Director raised the issue of an alternative funding model for future, whilst assuring the Network that UNDP would continue the funding of the Secretariat until such time that a workable solution can be found. A proposal on possible funding models will be prepared for discussion at the March 2010 meeting. The Network expressed its gratitude and appreciation to UNDP for funding this position, as well as to the Secretariat for the support to the Network.

IV.   PROGRESS REPORT FROM WORKING GROUP ON HARMONIZATION

20) The working group *was chaired* by Ms Jacqueline Schroeder from UNPD/UN Secretariat. As Ms Schroeder was about to embark on new challenges, she could no longer chair this group. The Chairperson and Secretariat expressed their gratitude for the diligence and enthusiasm with which Ms Schroeder led this group over the past two years.

21) UNICEF offered to take over the *chairmanship* of the working group through Ms Ann Hasselbalch and Mr Waseem Khan from WFP will act as the vice-chair for this working group.

22) The relevance and importance of this working group is illustrated in its *large membership*, which necessitated the creation of sub-working groups to provide focus and maintain momentum. Four sub-working groups were created: 1) sub-working group focused on Harmonized Financial Rules and Regulations and Procurement Manuals; 2) sub-working group on Sustainable Procurement embedding sustainability in procurement practices; and 3) One UN sub-working group actively and practically supporting the One UN pilot country offices in joint procurement ventures in close cooperation with UNDG/DOCO, as well as 4) a sub-working group dealing with Common Contract Committees.

23) The Working Group met prior to the start of the official HLCM PN meeting where the current work plan was discussed and streamlined to seven (7) key deliverables.

24) The working group follows the *work plan* outlined in its *proposal* submitted for funding, i.e. 'Procurement Process and Practice Harmonization In Support Of Field Operations'.

25) Despite the *lack of funding*, work is progressing satisfactorily with resources made available by the respective member organizations.

Financial Rules and Regulations

26) UN Secretariat, UNDP, UNICEF, UNFPA, WFP, UNHCR and UNOPS were requested to comment on the *procurement-related regulations* and submit a draft for consideration by the Finance Network.

27) After lengthy e-mail deliberations and bilateral discussions, it was concluded that the FRR as it pertains to procurement would remain *largely unchanged*.

28) The Chairperson reiterated that *ownership* of the process and the document does not lie with the Procurement Network. The existing FRRs pertaining to procurement were harmonized in 2003. Comptrollers are meeting 14-16 October 2009 and will look consider procurement rules at that stage. The proposed text has been provided.

29) Mr Ashok Nigam, UNDG further *clarified* that this initiative was started by UNDG to address some of the differences and started with the UN Secretariat and Funds and Programmes, excluding the specialized agencies. The aim is to harmonize between UN and Funds and Programmes and then to extend to the speciliased agencies. The objective is to deal with what is practically possible and then go back to the Networks to get feedback prior to final harmonization. The required process is long, requiring approval at several levels prior to a final conclusion. Irrespective of the outcomes, the key would be that agreements are enforced once agreed.

30) UNICEF reported that within their organization the question of harmonized regulations were raised as a more appropriate starting point for harmonization than the actual rules.

31) UNESCO raised the question of the *World Bank's* insistence on using their own rules and regulations and documents whilst implementing World Bank projects. World Bank responded that significant progress has been made from the Operations side to increase collaboration and agreement. The role of UN agencies as executing agencies need to adapt and comply with the rules of the client if they want to compete in that market and rules should thus be principle-based opposed to single rule acceptance. WHO confirmed that they have seen a difference in their work with World Bank after dialogue and found ways to work together effectively.

32) Several *specialized agencies* commented on the relevance of the process for their specific agencies and were optimistic that there were benefits for all involved – also from the sideline.

Procurement Manuals

33) The Chairperson reported that 12 procurement manuals have been received, 5 have been summarized.

34) The next step is to *circulate* the summaries to agencies to validate as summaries have been done by outside party. Outstanding summaries should be done by the respective agencies and organizations.

35) A *comparative analysis* of organisation's procurement practices and processes, harmonization of solicitation documents in order to identify priority areas to be harmonized and where tools should be developed to aid harmonization should be done.

36) This activity is one of the specific activities in the proposal for *funding* which was submitted to the HLCM for funding. It was cautioned that without a dedicated resource, the work on this deliverable will hampered and that funding/resources was thus critical.

37) A list of *20 key criteria* has been established and will be circulated to the respective agencies for review and comment by the HLCM PN Secretariat by year-end.

One UN Pilot Country Offices Support:

38) *DOCO* was represented at the HLCM PN meeting by the Common Services Advisor, Ms Elizabeth Spencer and Mr Ashok Nigam, UNDG. Several members of the HLCM PN are also represented on DOCO's Task Team on Common Services.

39)   Great *appreciation* was expressed to HLCM PN members and their organizations for contributing to the objectives of the work done by UNDOCO by making staff available for missions, teleconference etc and providing the funding for the work done over the past five months.

40)   In DOCO's interaction with pilot countries such as Tanzania, Zambia, Rwanda, Albania and others, some *primary issues* were outlined. These issues (in no particular order) are formulation, roles and responsibilities for the model of a common procurement team; formulation of roles and responsibilities for the model of a common contract committee; the use of existing agency LTAs and common LTAs; harmonization of different levels of delegation of authority and thresholds for procurement at country level and tender procedures; and coordination with UNGM for local vendors and LTAs.

41)   The Sub-Working Group held a *workshop* in Copenhagen, Denmark, hosted by UNDP on 11 - 13 May 2009.

42)   A process guide, *Guidelines for Harmonized UN Procurement at the Country Level* was prepared which included an outline for project planning for the development of the team(s) and its (their) activities; a common analysis framework for transactions and workload, and templates for procurement planning across agencies; guidance for common and the sharing of LTAs; as well as guidance for a common contracts committee at country level.

43)   Two issues that remain *outstanding* were that of thresholds and delegation of authority, which will be address in future. In addition, aid effectiveness, national partners issues would also need to be addressed.

44)   The guide has been submitted to the Country Office Business Operations Working Group under UNDG. After review, the working group requested that the *language around the use of common LTAs* was strengthened. It was felt that the existing language would allow procurement staff not to use, LTAs in which time and resources have been invested. With the understanding that from a legal point, the use of these LTAs cannot be made mandatory, language to 'strongly recommend' the use of these LTAs, and where it is not used to have the requirement to document the reasons in order to address issues at hand were requested. It is important to keep in mind that the procurement through these LTAs is that of common user items and is not of strategic by nature.

45)   Only Tanzania has started the process of establishing a *One UN procurement team.* Currently this team functions on a part-time basis, one day a week. The initial vision of relinquishing all agency procurement has not materialized. Several countries are following such as Mozambique which is now evaluating each agencies procurement activities.

46)   The main objective for the work in the months ahead is to develop *an implementation plan* establishing a mechanism on how to deploy the work in practice and setting up One UN procurement teams in the respective countries.

47)   It was also emphasized that governments are looking at *national procurement* under the aid effectiveness agenda. This impacts policies and rules and thus will need to be addressed at some stage. A survey to see what is done in this area needs to be done.

48)   It was reiterated that potential political *obstacles* to establish One UN procurement cell goes against the grain of procurement reform and the major obstacles should be investigated and addressed.

V.   PROGRESS REPORT FROM THE UNGM STEERING COMMITTEE

49)   Mr Giorgio Fraternale (WIPO) is the *Chairperson* of the UNGM Steering Committee.

50)   Mr Niels Ramm, UNGM Procurement Advisor, reported on the *UNGM activities* during the second half of 2009. In essence his presentation dealt with statistics, the role and function of the UNGM Secretariat, the results of the survey on the Tender Alert Service and IT development executed or planned as per its business plan.

UNGM Statistics:

51)   *Statistics* from February 2009 (figures in brackets) were compared with statistics compiled for the purpose of this meeting:

General Information
- Number of vendors accepted at least by one agency : 13 473 (12 740)
- Number of "active" vendors *(logged in at least once since 1 March 2009):* 13 310 (9 555)
- Number of suspended vendors: 52 (48)
- Average number of new monthly vendors registrations 2009: 1388 (1010)
- Rate of vendor registration percentage change over previous year: +27%
- Number of vendor countries with accepted vendors: 161 (159)
- Top 5 countries *(# accepted vendors)*: China, USA, UK, India, Germany
- Number of developing countries represented: 133
- Number of industrialized countries represented: 28 (2)
- Number of registered UN users: 3188 (2746)
- Average number of new monthly UN users registrations 2009: 54 (50)

Procurement Notices
- Average Number of active notices at any one time: 275 (225)
- Number of uploading agencies: 39 (36)
- (6 agencies account for 90% of notices: UNDP, UNOPS, UNPD, UNIDO, UNESCO, UNFPA)
- Number of TAS subscribers: 1303 (715)
- Average number of monthly new TAS subscribers: 83

LTAs
- Number of online LTAs: 336
- Number of uploading agencies: 5
- (UNPD, UNFPA, UNOPS, UNRWA, UNDP)

52)   From the statistics, it is clear that *increased activity and use* of the United Nations Global Marketplace have an impact in terms of time and costs involved.

UNGM Secretariat

53)   The *UNGM Secretariat* continues to provide a helpdesk service to vendors and UN users alike. It also maintains the user guides and updates stakeholders through quarterly newsletters and communication focused on specific issues. In addition to its day-to-day activities, it has run a targeted Tender Alert Service promotion campaign in the hope to increase the number of new subscriptions, as well as reminders for subscribers who are nearing the end of their annual subscriptions.

54)   The UNGM Secretariat has also developed *user training modules* dealing with registration procedures for vendors and UN users, the selection of UNCCS codes, posting of procurement notices, contract awards and LTAs. In addition, training materials also includes the optimal use of the search function in UNGM and Kompass.

55)   *Tailor-made UNGM training* can be provided through workshops, video conference, as well as through on-line or downloadable WebEx facilitation. Unless travel is required, there are no costs involved for interested UNGM member organizations of.

Tender Alert Services (TAS)

56) A *survey* was conducted in May 2009 targeting subscribers of 6 months or more. A 40% response rate was achieved.

57) The overall *results* were good with 10% rating the service as excellent, 43% as good, 34% as fair and 13% as poor. 73% indicated that they would recommend the TAS to others and 69% declared that they intended to renew their subscriptions. 90% have learned of the TAS through the website or email campaigns.

58) Some *issues with regard to procurement notices* were identified such as misleading titles, vague information or incomplete submissions, difficulty in identifying the type of commodity or service required. The UNGM Secretariat spent approximately 6 hours per week on *improving* the quality of the UNCCS on procurement notices in order to rectify this issue through checking and recoding. It is strongly recommended that agencies *make use of the UNGM training courses*, in particular the module on 'Posting Procurement Notices and UNCCS Coding'. For more information, please contact the UNGM Secretariat at registry@ungm.org.

59) Despite the relative positive response to the survey and 69% of vendors' intention to renew their subscriptions, the current *re-subscription rate* is just above 30%. The reason for the discrepancy between intention and action is being investigated by the UNGM Secretariat.

60) Currently *TAS subscriptions* are meeting the targets set for 2009 in accordance with the Business Plan with on average 83 new subscriptions per month.

61) The *promotion of the TAS* enjoys high priority in the UNGM Secretariat. Two more campaigns were planned for September and November 2009 respectively. In addition, an automatic promotional e-mail was sent to all new subscribers. A brochure and information on TAS for inclusion in Business Seminars were prepared and business seminar organizers are encouraged to include UNGM staff in their invitation to business seminars. An advertising insert which UN agencies/organizations can include on their respective websites are to be released soon.

62) In order to maintain and reach future targets agencies/organizations using UNGM are requested to *promote the use of TAS* as far as possible or at least make information about the service available to their vendors.

UNGM IT Development

63) To date the following *functionalities* have been developed in accordance to the UNGM business plan 2009-2010: UNGM security enhancements, local vendor roster phase II, knowledge resource centre update and the UNGM back-end development.

64) During the *3rd and 4th quarter* the development of a UNGM dashboard is planned, as well as work in line with the outcome of the Vendor Eligibility project.

65) *UNGM security* was enhanced by adding an easy and quick expiration and re-activation mechanism, which will automatically be trigged every second month.

66) Additional information has been uploaded under Sustainable Procurement section of the Knowledge Centre at http://www.ungm.org/SustainableProcurement/Default.aspx. This includes product guidelines, environmental labels guide and green meeting guide.

67) Resources are required for *translation* of sections of the UNGM website into French and Spanish. Organizations that can provide resources are requested to contact registry@ungm.org.

Local Vendor Roster Functionality

68) The *local vendor roster functionality* enables suppliers with less than three (3) years of export experience to register with local UN offices which enable country offices to maintain their own vendor rosters and have access to the vendors of other UN offices in the same country. A number of country offices are acting as pilot offices for the implementation prior to full roll-out. Training is available for interested UN staff at no cost unless travel is required. For more information, please contact registry@ungm.org.

69) DOCO confirmed the need for the local vendor roster functionality and clear guidelines with regard to use and criteria from a *country office perspective*, as this is on the agenda of the One UN offices. It was suggested to use some of the One UN offices as pilots for clarification and testing the application.

70) The *second phase* of the process which enables suppliers to complete their registration online has now been completed.

71) UNDP cautioned against service providers (not exporting as such) automatically being classified as 'local', which could be seen as discriminatory and incorrect.

72) UNICEF expressed their need for potentially a *regional supplier roster*. This would be explored further with the UNGM Steering Committee.

Uploading of Procurement Notices, Contract Awards and LTAs

73) The issue of *uploading* of procurement notices on UNGM was again raised. On average 225 active notices can be found on UNGM at any one time. Thirty-three agencies upload procurement notices from time to time. However, 90% of the procurement notices are currently contributed by just six agencies, i.e. UNDP, UNOPS, UNPD, UNIDO, UNESCO, and UNFPA.

74) Agencies are again urged to address the *issues* regarding the uploading of their procurement notices consistently. In some agencies, the uploading of procurement notices on UNGM is a requirement stipulated in procurement manuals and for some agencies, such as UNFPA, UNGM is the only site for uploading of its procurement notices, thus preventing duplication and misunderstanding.

75) The erratic uploading of *contract awards* is also problematic. The majority of agencies have an obligation to publish contract awards and agreement was reached years ago that contract awards would be displayed in a central place (UNGM) to enhance the transparency of the UN procurement system, as well as providing as much information as possible to potential suppliers.

76) A *further functionality* of UNGM has been proposed to facilitate the automated data retrieval of procurement notices and contract awards of UN agencies that are not using UNGM to advertise tenders, as well to capture any notices that may not have been uploaded to UNGM by member organizations. This functionality will serve to further increase usage and value of the tender alert system, as well as address the perception that UNGM hosts all UN tender notices. This functionality was highlighted as one of the priorities to be considered for inclusion in the 2009/2010 UNGM work plan.

77) Members were again reminded to update and maintain the database of *LTAs*. The service provider will not delete outdated LTAs for the time being as the old LTAs could serve as an indication of the existence of newer LTAs and serve as good reference materials.

78) Access to LTAs and information around LTAs remain high on the list of issues and priorities in the *One UN pilot countries* as stressed by the DOCO representative, thus a sustainable solution needs to be found and implemented.

General

79) The *budget* was briefly discussed as the financial reporting should be done annually at the first meeting of the HLCM PN.

80) The Chairperson raised the issue of agencies which are *not members of UNGM* as such. A number of agencies stated that the reason for not joining UNGM was purely financial. Agencies/organizations were reminded that a commitment was made to support UNGM as the global UN procurement portal and to use it as the database for registering potential suppliers, yet several agencies/organization continue to maintain databases outside of UNGM.

81) *Appreciation* to UNGM staff and UNOPS for supporting UNGM was expressed by Procurement Network members.

VI. PROGRESS REPORT FROM THE WORKING GROUP ON VENDOR MANAGEMENT, INCLUDING UNCCS

82) The work of the working group on Vendor Management is largely *encapsulated* in the work of the UNGM Steering Committee, as membership is almost identical.

Vendor Registration Procedures and Issues

83) Discussions focused around criteria for *global vs local suppliers*, which in essence is focused on export experience and is a registration requirement based on the IAPWG criteria developed in mid-90s, which stipulates three (3) years of financial and three (3) years of export experience to register as a global suppliers. The local vendor roster functionality was specifically developed to address issues with suppliers who do not have any or less than 3 years of export experience.

84) UNDP raised the issue of the *difference* between the respective agencies with regard to their use of *UNGM* which varies from a prequalification with UNPD to an in essence yellow-page functionality with UNDP. These differences would also explain the misunderstanding among vendors in terms of what 'registration' with a UN agency means. As the level of due diligence varies greatly, either the process should be common or the implications and subsequent meaning of 'registration' with the respective agencies need to be clearly communicated to vendors. Agencies/organization that would like to continue this discussion should do it through the UNGM Steering Committee facilitated by the HLCM PN Secretariat. UNICEF, UNDP, UNHCR, UNPD, and WIPO indicated their interested in further discussion.

85) A significant *backlog of submissions* has accumulated. A number of agencies/organizations stated lack of resources as the main reason for not being able to deal with the large number of potential suppliers seeking registration with their organizations/agencies.

86) Agencies/organizations were reminded that the *clear definition of goods and services* they are interested in, require and procure regularly from suppliers can be selected and/or limited to ensure that only relevant suppliers submit registrations. This will ensure that resources are not spent on irrelevant suppliers. Agencies/organizations are reminded that there is a cost involved with all suppliers who submit information for registration, irrespective of whether they are accepted or not. These costs can only be reduced/avoided by streamlining the products/services categories to allow registration only for those products and service which are relevant. The UNGM service provider should be contacted for more information. IAEA, UNESCO and ITC indicated that they would like to avail themselves of this possibility.

87) Finally, it was suggested that the *actual usage* of the system by UN procurement staff be captured with specific focus on how many active queries to identify potential suppliers are being conducted.

88) UNPD suggested that these issues mentioned should fall under the *Vendor Management Working Group* as many of these issues pertains to supply chain management rather than being UNGM specific. Some of the activities earlier on the work plan of the Supplier Access Working Group should also be added as general vendor management issues. The specific items will be addressed in the respective work plans of the working groups.

89) *World Bank* shared its experience and practices with regard to vendor management where it reviews suppliers based on the amount of business done and allows flexibility to country offices and suppliers. Members are welcome to contact the World Bank representative for more information.

90) The Chairperson requested agencies/organization to be clear about what they *expect of UNGM* and not to wait with raising issues until the bi-annual meetings. Feedback and dialogue are critical to developing a system which addresses the needs of its users.

Vendor Eligibility:

91) UNDP as the implementing agency presented the *background and status* of this HLCM funded project. A consultancy firm was selected and contracted through a competitive process based on the Terms of Reference drafted in cooperation and consultation of the Legal Network. An outline of the proposed work plan was received from the consultants and the consultants joined the meeting via teleconference.

92) The project will in future be referred to as the *Vendor Eligibility project* to include a more positive and wider focus on vendor eligibility in general, whilst also dealing with potential sanctions of unethical vendors.

93) The *collective ownership and responsibility* of all organizations and agencies was stressed to ensure the successful and timely delivery of this project which is the first funded project for the Procurement Network.

94) *Teleconferences* to explore the opinions, ideas and feedback or individual agencies and organizations will be set up by the HLCM PN Secretariat in due course to be finalized by end of January 2010. It is strongly recommended that legal counterparts participate in these teleconferences to ensure involvement and buy-in and eventually approval from all stakeholders.

95) The next delivery for the project in accordance with the Terms of Reference was that of the *inception report* which was due late September and would be circulated to membership.

96) In accordance to the project's work plan, the *first draft of a common framework* on vendor eligibility is anticipated by the end of February 2010 and would be circulated for discussion at the next HLCM PN meeting.

97) Documentation on the *project and status reports* can be obtained from the HLCM PN Secretariat.

98) The close cooperation with the *Legal Network* which is represented in the Working Group for this project is appreciated as it is instrumental to the outcome of the project.

99) Discussions focused around eventual cross debarment, current practices and definitions for corruption. All these points will be dealt with in detail in the coming months.

UNCCS (United Nations Common Coding System):

100)   UN Secretariat/Procurement Division *chaired* the discussion as the initiator and funder of the review of the UNCCS.

101)   UNPD *initiated* the project to address its own organizational needs when it found it difficult to identify the correct codes for products and services regularly procured. In addition, it also wanted to address vendor problems and frustration in selecting codes.

102)   One resource was allocated to *review* actual cases against UNCCS codes and the process proofed to be more labor intensive as initial anticipated.

103)   So far 104 *new* goods and services have been identified by UNPD, UNEP and IFAD and there are some additional recommendations related to improving user-friendliness with regard to searching functionality, as well as a mechanism to suggest alternative codes or intuitive categorization. In addition, periodic testing and training for requisitioners to address issue of no or high-level coding have been suggested.

104)   The *next step* would be for the Procurement Network to review in order to get feedback as these new or revised codes will affect day-to-day operations.   Based on the results obtained, recommendations will be submitted to the UNGM Steering Committee for approval.

105)   At the meeting in Vienna, there was an additional task assigned to the group to reflect on the *impact on IPSAS* implementation. UNPD will explore the possibility of hiring a consultant to review these issues and get input and feedback from the respective agencies. On a positive and encouraging note, WHO reported that it has implemented IPSAS using UNCCS and although the initial matching of codes was time consuming, it was done and is now automated.

106)   The question with regard to whether UNCCS is the *appropriate coding system* was again raised, but it was agreed as many of the agencies are using the system and it is heavily integrated into several ERP systems, this is not a viable, practical or cost effective option for those who has been using the systems the past 20 years. In addition, UNGM in its entirety is based on the UNCCS coding system. A change will thus have major implications in terms of impact and resource requirements which will be counterproductive.

107)   The Chairperson *thanked* UNPD for taking the initiative and funding the project on behalf of the procurement community.

LTAs

108)   Issues were raised by UNDP *outside* the framework of the Working Group on Vendor Management, but documented here for the sake of reference and practicality.

109)   The *objective* was to clarify the position of the Procurement Network on joining LTAs with other UN agencies/organisations to stimulate thoughts with regard to LTA planning, and common standards.

110)   It was suggested that *UNGM* be used as a portal for communication between procurement officers from the various agencies/organizations in order to start the process of sharing information, demand or available LTAs.

111)   The Rome-based organizations, IFAD, FAO and WFP will be creating a small *common procurement unit* to do planning for common LTAs and they will be happy to share their experience with the wider network.

112) The sharing of LTAs have always been *supported in principle*, however for some organizations such as WHO this is not feasible due to the specialized nature of goods and service procured in some instances and which necessitate stringent controls. For other agencies/organizations, the sharing of LTAs for strategic goods and services proof problematic due to issues around supply and demand in especially emergency or crisis situations.

113) For the principle of sharing LTAs to become consistent practice, it needs be *translated into policy* and that would require the support of senior management to implement across agencies and organizations.

114) The DOCO representative expressed her *concern* with gap between good intentions and the reality of the sharing LTAs. For One UN country offices to function optimally and cost effectively, the sharing of LTAs for common user items needs to be supported through the example of headquarters, as well as practically making complete documentation available where needed.

115) It was agreed that as a *minimum*, the option of extending LTAs to include other UN agencies on their request whilst safeguarding production quantities for emergency items, should be considered with LTAs are negotiated. In addition, the sharing of LTAs in order to make use of the specifications should be allowed to reduce duplication of efforts.

116) Efforts should also be made to *collect data* on which LTAs agencies/organizations anticipate to establish or renew in any upcoming year whilst collecting statistical data. UNGM Service Provider agreed, but highlighted the difficulties in obtaining the required data for the Annual Statistical Report as it stands.

117) The question whether *common standards/specifications* were useful and feasible was also raised, and whether there was a future role for a compendium of generic standards and who would be responsible for these standards.

118) In the past, UNDP/IAPSO compiled these *compendiums* and had 'ownership' of them. It was agreed that any such compendiums were being planned; it should be accepted by all organizations/agencies to have any value. This can be a very time consuming task requiring significant resources.

VII.   PROGRESS REPORT FROM WORKING GROUP ON SUPPLIER ACCESS

119) The discussion was *led* by Ms Joanna Porreca from UNPD as the Chairperson for the Working Group.

120) The *activities* of the working group mainly focus around vendor outreach tasks, such as partnering with Economic Commissions, target unrepresented countries (developing/in transition), share business seminar presentations, and Guidelines for Organizing Entities.

121) Some of the *outcomes* from the vendor outreach activities was partnering with the International Chambers of Commerce (ICC) and participating in the annual Congress in June 2009 in Kuala Lumpur, Malyasia, where the UN Secretariat signed an MOU focused on building capacity in countries through the development and training of Chambers of Commerce staff which includes the use of UNGM.

122) With regard to vendor outreach, the *main priorities* for the next session would be to develop and complete a standard UN global presentation covering all PN member organizations and making it available on and downloadable from UNGM or another platform. The Working Group will concentrate on building relations with and training staff of Chambers of Commerce with an emphasis on developing countries and countries with economies in transition, continue coordinating and collaborating on business seminars through the HLCM PN.

123) Information on *Sustainable Procurement and Global Compact* should be included in the presentation.

124) Another priority is to finalize and communication a *decision note* for Member States providing general information on business seminars and with specific reference to the guidelines for organizing entities. The note should confirm the decision of one business seminar event per country per year for developing countries and countries with economies in transition, and every second year for developed countries. Business seminars to take place in the hosting country to avoid unnecessary costs to potential suppliers, create equal opportunity for all potential suppliers, encourage and enable SMEs' participation, and contribute to climate neutrality avoiding numerous potential suppliers. Only business seminars organized through government entities with not-for-profit motives would be supported. Where possible organizing entities should cover the costs of participating UN staff if widest possible participation wants to be obtained due to budget restrictions of UN agencies/organizations.

125) A number of *tasks* earlier on the work plan for this working group has now been moved to that of the vendor management groups list as they related to general issues.

126) The chairperson of the Working Group made a *recommendation* that the working group solely focussed on vendor outreach as many of the other aspects earlier included in its work plan had wider and more general implication than that of supplier access. The recommendation was accepted by membership.

127) The updating of the *General Business Guide* has become critical as the publication was last updated in 2000 and subsequent updates have been superficial and sporadic and do not reflect up-to-date information. The Guide is referred to and used as a reference document for potential suppliers to the UN and contribute to confusion due to its out of date state.

128) As the establishment and *maintenance* of the General Business Guide is linked to a decision by the SG in July 2000 stating "Focal points will be responsible for developing guidance on contacts with the business community based on rules, regulations and administrative issuances of the UN to ensure transparency in the establishment and maintenance of contacts with the business community" and as such this is a requirement all agencies have to comply with.

VIII. FEEDBACK FROM THE WORKING GROUP ON PROFESSIONALIZATION

129) The Working Group is *chaired* by Mr George Jadoun of ITC of ILO.

130) The work plan of the group is based on *three pillars* as agreed: 1) staff recruitment with appropriate qualifications; 2) continuous professional development especially in a decentralized context, and 3) enhanced opportunities for cross-fertilization through staff mobility and rotation.

131) The following tasks have been *accomplished* in the period since the last meeting: 1) job profiles for P and G staff completed and endorsed by the wider HLCM PN membership, 2) survey on mobility was done, but the results were not conclusive enough to enable drafting of a strategy for submission to HR Network, 3) updating of the Procurement Practitioner's Handbook had to await results of the Working Group on Harmonization with respect to One UN and the related harmonization of rules and procedures. Similarly the updating of the Annex on Sustainable Procurement had to await completion of work as per work plan of Working Group on Sustainable Procurement.

132) The Working Group had the following *proposals*: 1) To put in place a mechanism for access and notification of training and certification opportunities for especially smaller agencies, 2) that lead agency/ies be identified to support the continuous updating of the UN Procurement Practicioners Handbook under the supervision of the Working Group on Professionalization and that a funding

agreement need to be secured for this work, 4) that UN harmonised bidding documents will improve UN procurement image and facilitate the creation of a professional workforce across all agencies/funds and programmes, and 5) on-line courses on technical procurement business process competencies need to be develop supplementing the coverage of the UN Procurement Practicioners Handbook and that a lead agency and a funding agreement be explored.

133) The Working Group Chair reiterated some of the *proposed earlier actions* included in the document prepared for the Amman meeting, *The UN Procurement Professionalism Strategy* and recommended that the following actions be reconsidered: 1) Additional procurement courses on the following topics: Procurement Supervision and Audit, Sustainable Procurement, as well as Legal and Ethical Issues, 2) UN-harmonized set of bidding documents for goods, works and services, 3) UNGM website enriched as an experience exchange forum accessible to all UN procurement practicioners and requisitioners, 4) HLCM PN meetings to incorporate best practice exposure from think tanks and and private/public sector.

134) The Working Group Chair asked membership to also review some *practicalities* with regard to working group and its work plan: 1) the need for two(2) working groups, i.e Harmonisation and Professionalism or whether it would be better to merge the two working groups, 2) if the two working groups are to remain then to redefine their scope of work and eliminate overlaps, 3) overlapping activities done outside the working groups such as work around Sustainable or Green Procurement not included in work plans of working groups. The membership considered the issues raised and it was decided to maintain the status of two working groups and that work plans will be reviewed in consultaiton with the respective chairs in order to ensure clear objectives and areas of responsibilities. The continueance of this working in its present form was stressed in view of the fact that this is the only forum which focus on the human resource issues in the procurement arena.

135) It was reported that the survey on *staff rotation and mobility* indicated that there was no room for staff mobility, as there was simply no human resources for floating when required. Several agencies/organiations reported that they were having difficulties in finding qualified and experienced procurement officers. An informal approach to the need or opportunity to rotate staff through making needs and requirements known through the HLCM PN Secretariat would be taken for the time being. Eventually this type of information would be made available on the website.

136) Discussion with regard to *e-learning facilities* concluded that most organisations have some sort of basic training available on-line which is specifically focussed on that particular organisation/agency's needs. It was agreed that although a common e-learning tool would be helpful, that e-learning is not the optimal training tool and should only be considered if completion of such training was considered mandatory for procurement staff. Such a tool should be flexible and adaptable to the specifi requirements of agencies and organisations. ITC of ILO would be willing to develop such a facility if funding can be secured. IFAD would be willing to partially finance the development of such a tool.

137) An *inventory of procurement-related training courses and materials* available should be compiled in order to have an overview of what is available, where gaps are, and if materials could be adapted instead of developed. The HLCM PN Secretariat was tasked.

138) The issue of *certification* was briefly discussed and ITC of ILO reminded of its Masters Programme which could potentially address this. In addition, UNDP has developed a four level certification programme recognized by CIPS which is also open to other UN entities and their procurement staff. For more information, please contact the HLCM PN Secretariat.

139) The HLCM PN Vice-chair concluded this session with *appreciation* for the work of the group and specifically the efforts of its chair through many years.

140) Actions and deliverables will be reflected in the Working Group's work plan.

IX.   PROGRESS REPORT FROM THE WORKING GROUP ON SUSTAINABLE PROCUREMENT

141)   Work related to sustainable procurement policies and practices *previously* formed part of the work plan of the Working Group on Harmonization and was reported on in this context. However, it was decided that a separate working group would be formed for this topic.

142)   In the absence of Ms Isabella Marras from UNEP, Ms Caroline Lepeu from UNOG will take over the *chairmanship* of the working group.

143)   The *objectives* of this session were 1) to present and discuss the progress to date on UN Sustainable Procurement and Climate Neutrality; 2) to revise the dashboard and establish a new EMG/HLCM Work plan on SP activities (2009- 2011); and 3) to discuss and draft a proposal on SP to be jointly submitted by the HLCM-PN and by the EMG for decision by the HLCM.

144)   The following *topics* were covered in the session. 1) The Role of EMG and work to advance UN environment agenda by Ivar Baste, EMG; 2) Highlights of the Report of the Secretary -General on SP and the "Comprehensive Report on Sustainable Procurement" to be submitted to the 5th Committee for adoption by the General Assembly at its 64th session in October 2009. ; 3) The work of SUN on UN emissions reductions: buildings, travel policies and administration : Links to the work of HLCM on Sustainable Procurement; 4) Progress on work plan in terms of Training sessions, Technical Guidelines, UNOPS' eco labels guide and case studies for UN agencies.

145)   The Working Group requested the HLCM PN membership to discuss and *agree to* 1) endorse the SG's report to the GA, and 2) submit a proposal on Sustainable Procurement for decision by the HLCM.

146)   The Working Group reported as follows on *achievements*: 1) Sustainable procurement practice note/statement/guidelines with definition finalised and published on UNGM; 2) Work on more advanced sustainable procurement guide and brochure continues; 3) Product guidelines with the guidelines for IT, completed, guidelines for paper and stationery, cleaning services, furniture and voting equipment in progress, and guidelines for vehicles, generators, heating cooling systems, energy sourcing (RECs), Catering (cantines), GHG Emissions, Leasing/ rental of buildings (SUN guide on Buildings' procurement) anticipated; 4) Completion of three-days training for procurers and requisitioners and first training course delivered. Several training course scheduled and planned for remainder of 2009; 5) Sustainable procurement scorecard and indicators developed and available on UNGM; 6) Environmental labels guide in final stages and soon to be circulated to the group for comments.

147)   One of the highlights and main contributors to the success of this working group has been the support that it has enjoyed from the *EMG* since its inception shortly after the survey on Sustainable Procurement in the UN that UNEP carried out and presented in 2005 at the IAPWG meeting in Moscow. The HLCM PN has actively worked on sustainable procurement in close collaboration with the EMG since October 2007. The work delivered to date has mainly been done with the technical assistance of the UNEP SUN initiative, UNOPS, the UN Procurement Division and the International Training Center of ILO.

148)   This would also be the first time for two inter-agency mechanisms to attract the attention and require a decision on a common issue to the *HLCM*. The HLCM will be requested to: 1) Commend the Procurement Network, the EMG and UNEP Sustainable United Nations (SUN) on the progress made together on sustainable procurement; 2) acknowledge the concept of sustainable procurement provided by the comprehensive report on sustainable procurement presented by the Secretary General for the 64th session of the GA (A/64/284/Add.2)2.; 3) endorse the joint programme of work and requests the EMG and the HLCM PN to continue assisting agencies in the transition to sustainable procurement by providing capacity building, training and practical guidance to staff

involved in procurement and requisitioning activities as well as to suppliers to ensure a fair and consistent application and transition to more sustainable practices; and 4) welcome the consideration by the EMG of a comprehensive approach to sustainable management practices in the UN system including the consolidation of sustainable procurement and UN climate neutral activities. Within this larger framework, encourages EMG, and HLCM PN to continue their joint work at technical level on sustainable procurement.

149) Agencies and organizations continue to struggle with the *practical implications* of the implementation of buying sustainable with regard to fairness and transparency in supplier sourcing, pricing issues, criteria to be used etc.

150) *Guidance* is required on the areas where agencies should focus in terms of goods and services with the most significant impact.

151) *WorldBank* shared their experience of procuring recycled paper, the work involved, the required research and resources involved in this process.

152) The Chairperson *thanked* all members of the working group for the progress made and acknowledged the individual organizations' commitment in supporting these activities despite a lack funding.

X.   SHOW & TELL: UNGM AT UNPD, UNICEF AND UNFPA

153) UNPD, UNICEF and UNFPA *presented* an overview of how each of these organizations deal with vendor registration and the level of due diligence involved when accepting/rejecting supplier submissions.

154) The points *raised* from these discussions are captured under the UNGM and Vendor Management discussions in this summary.

XI.   SHOW AND TELL: DAN & BRADSTREET: VENDOR SCREENING & RATING

155) Mr Giorgio Fraternale (WIPO) as the Chairperson of the UNGM Steering Committee *initiated* the participation of Dan & Bradstreet in lieu of the fact that the UNGM supplier database for supplier registration does not provide any immediate information/guidance about whether or not a company is financially sound or not. Whilst some of the UNGM member organizations do carry out some form of vetting of the suppliers at the registration stage, the said vetting shows serious limitations, if not updated as good practice once a year or before entering into large contracts.

156) The following *possibilities* were discussed: Dun & Bradstreet ratings on a per-requirement basis; automatically rating all vendors at the moment they submit a request for registration with UNGM; adding the rating to all vendors currently registered in the UNGM database; and automatically/periodically update such ratings.

157) A*n information session* to discuss the feasibility of enhancing UNGM functionality was prepared by Mr. Antonica of Dun & Bradstreet AG and presented at the meeting as UNGM members were assembled and it was best dealt with face-to-face.

158) The *presentation* explained the methodology used for the different levels of data evaluation, maintenance and sharing.

159) Questions around *360-degree review* with regard to pending court cases, child labour, etc. and whether a D&B review included the issues reviewed as for example required by the Supplier Code of Conduct or referred to in General Terms and Condition were raised. D&B explained that they were not privy to this type of information. In essence the D&B rating is a 'second' opinion in

addition to that of the agency/organization based on the information received and their own perceptions of a company.

160) It was also suggested that the *onus* could be placed in potential suppliers to provide the results of a D&B review as a criteria for UNGM registration, instead of making it part of UN agencies' process of due diligence when dealing with new suppliers. This is currently not the practice of D&B to deal with the business community in this way.

161) *Discussions* focused around the time it takes to get information, the types of information which can be obtained, and whether the information can be shared among agencies/organizations.

162) The Chairperson concluded that the *benefits* of such a service would be that of a single point of access through UNGM providing information which would be directly integrated into workflow and process and which could be customized. Cost savings through sharing the hosting and archiving possibility of information could be derived.

163) In order to take this further, it is suggested that *statistics of usage* (which agencies/organizations, frequency and for what purpose) should be considered. Based on this information and interest from UN agencies/organizations a global contract with the same conditions for all UN partners and specific focus on sharing information internally may be considered.

XII. VENUE AND DATES FOR THE NEXT MEETING

164) After discussion, membership was in agreement that it was important to *schedule* the bi-annual meetings in order to obtain maximum participation and allow sufficient time for progressing of work plans, rather than trying to accommodate the HLCM meeting schedule. It was this decided that the first of the bi-annual meetings would be scheduled in March 2010 rather than February 2010 with the understanding that reporting to the HLCM will still be prioritized.

165) It was agreed that the *next meeting* will take place in Budapest, Hungary in compliance with the Procurement Network's commitment to meet the criteria of selecting venues in line with its carbon neutral guidelines, where there is a significant presence of local procurement capacity with the objective of involving the procurement practitioners by transmitting the spirit of collaboration present in the Procurement Network. No date was set at the time of this meeting.