UNITED NATIONS SYSTEM

Chief Executives Board **for Co-ordination**	CEB/2013/HLCM_PN/14 September 2013

HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM) PROCUREMENT NETWORK (PN)

Summary of Conclusions of the Fourteenth Session of the

High Level Committee on Management's Procurement Network

(25-27 September, UN City, Copenhagen, Denmark)

I.   INTRODUCTION AND BACKGROUND

1.   The 14th session of the High Level Committee on Management's Procurement Network (HLCM PN) was co-hosted at UN City, Copenhagen, Denmark by UNDP, UNFPA, UNICEF and UNOPS on 25-27 September 2013, under the Chairmanship of Mr. Dietmar Plesse (Head, Procurement Division, ITU) with the support of the Vice-Chairperson, Mr. Dominic Grace (Director, Procurement Support Office, UNDP). The incumbents of these two positions form the Management Board of the HLCM PN[1].

2.   The meeting was attended by 40 colleagues representing 30 of the 34 Organisations registered as members of the HLCM PN. A list of participants is provided in *Annex 1*.

3.   The meeting followed the format of two and a half working days with closed meetings and discussions for Network members around an agreed agenda *(Annex 2)*. The Harmonisation Working Group held a separate session after the close of the meeting.

4.   The registration was done online using a cost-effective, internet-based facility. Paper copies of documentation were limited to a minimum and available session documentation was shared via the PN Workspace on www.ungm.org.

5.   The PN Chairperson opened the proceedings by thanking the Copenhagen-based Agencies for hosting the meeting. He also welcomed the representative from STL[2] who attended in order to seek Associated Membership to the HLCM PN. The Chair also looked forward to the PN being able to address practical issues during its meeting as this is in particular useful for the smaller Organisations.

6.   The Vice-Chairperson provided some humourous information about Denmark, ranked as the happiest country in the world for a number of years running. This was rounded off by the showing of a video, which described the UN City in Copenhagen and how it has been designed with sustainability at the forefront.

7.   On behalf of the Copenhagen-based Agencies, Mr. Vitaly Vanshelboim (UNOPS) warmly welcomed the PN members to the UN City, which had its official opening in July 2013, and wished the Network a very fruitful meeting.

8.   Mr. Stephen Cutts, (Assistant Secretary-General for Central Support Services, UN Secretariat), thanked the hosts and said he welcomed the opportunity to attend the HLCM PN meeting for the first time. He informed that the UN Secretariat values this forum very highly as it allows its members to discuss issues openly and share good practices, and he pledged his commitment to support the Network in the same manner as his predecessor, Mr. Warren Sach.

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[1] Since the last PN meeting, the would be Outgoing Chairperson, Ms. Boi-Lan Lemoine (Deputy Chief, Purchase and Transportation Section, UNOG) left the UN System to take up new duties.

[2] Special Tribunal for Lebanon

9.   All participants *(see Annex 1)* introduced themselves and provided a quick summary of their expectations for the session.

II.   ADOPTION OF THE AGENDA

10.   The Agenda[3] adopted by the Network is listed below with the relevant annex numbers for supporting documents[4] related to topics:

i.   ***Introduction and Background***
         Annex 1: List of Participants

ii.   ***Adoption of the Agenda***
         Annex 2: Summarised Agenda

iii. ***Vendor Eligibility Project***
         Annex 3: Presentation 'Vendor Eligibility Project Implementation – Progress to Date'
         Annex 4: Screen shot 'Ineligible vendor flagged in UNGM'

iv.   ***Working Group on Harmonisation***
         Annex 5: Presentation 'UN Supplier Code of Conduct'
         Annex 6: Presentation 'Procurement Process and Practice Harmonization in Support of Field Operations'
         Annex 7: Presentation 'Harmonization and Simplification of UN Business Operations'

v.   ***Working Group on Sustainable Procurement***
         Annex 8: Presentation 'Sustainable Procurement WG Update'

vi.   ***Working Group on Supplier Access***
         Annex 9: Presentation 'Supplier Access Working Group Activity Report'

vii. ***UN Global Marketplace - UNGM***
         Annex 10: Document 'Revised UNGM Post Factum Review 2012'
         Annex 11: Document 'Revised UNGM Rolling Budget 2013-2014'

viii. ***UNGM Vendor Registration Reform (VRR)***
         Annex 12: Presentation 'Project Steering Team Status Report'

ix.   ***Revision of HLCM PN Statutes – Chapter IV***

x.   ***Collaborative Procurement***
         Annex 13: Document, 'Summative Report, Phase I'
         Annex 14: Presentation 'Collaborative Vehicle Procurement Study – HLCM Update'
         Annex 15: Diagram, 'Microsoft Enterprise Agreement'

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[3] Due to the absence of the Professional Development Working Group Chairperson, it was decided to postpone this WG update until the next PN meeting

[4] All documents concerning the session and related presentations can be obtained from the HLCM PN Secretariat at kerry.kassow@undp.org or by accessing the PN Workspace on www.ungm.org

III.   VENDOR ELIGIBILITY PROJECT

11.   This topic was presented by the Vice-Chairperson, Mr. Dominic Grace (UNDP).

12.   In August 2013 UNDP carried out a follow-up (ongoing) high-level survey to assess the implementation status of the Model Policy Framework (MPF) amongst PN members. The findings confirm that the membership is moving towards implementation, and that most

implementation processes are being handled by senior management as well as legal divisions/offices. A significant majority of the respondents has detected activity that amounts to proscribed practices over the past 6 months. The majority of respondents are interested in keeping the sanctions list confidential, as opposed to public. The full presentation of findings, as well as an update on UNDP's sanctioning activities can be found in *Annex 3*.

13.   In addition, the PN was informed that the soon to be launched new UNGM registration process is ready to scan vendor details against ineligibility lists and automatically flag any suspect vendors *(see Annex 4)*.

PN Comments

14.   UNDP informed that it has been working with UNFPA recently on establishing a joint Vendor Review Committee (VRC).

15.   PAHO expressed appreciation of the UNDP training workshop held in May 2013 on implementation of the MPF, and recommends others to join should another be held.

16.   The UNGM Secretariat informed that functionality allowing ERP systems to connect to ineligibility information on UNGM is advancing, particularly in light of the recent launch of UN/PD's ERP, Umoja.

17.   UNOPS and UNFPA expressed strong support for publicly publishing ineligibility lists. Other Public Procurement Organisations are already doing so. Publishing the information has the potential for much greater impact, not only in terms of punishment, but also as an incentive to rehabilitate. In addition, it would give the UN greater credibility. UNOPS intends to start publishing its sanctioned vendors on UNGM and its own website within the next month.

18.   AfDB informed that the Multilateral Development Banks not only publish sanctioned vendors, but they have also signed a MOU to practice cross-debarment.

19.   UNOPS remarked that the current MPF, while very comprehensive, lacks guidance on sanctions. In collaboration with its internal audit unit, UNOPS intends to develop such a guidance note and will share in due course.

20.   WIPO highlighted the importance of instructing procurement staff to check vendors shortlisted for tenders against information on the UNGM. In addition, WIPO urged the PN to consider coordinating responses to the press when UN Organisations find themselves involved in sensitive situations.

21.   The CEB Secretariat reminded the PN that implementation of the MPF should be given top priority. Having been funded by donor resources, the project is naturally still under scrutiny. Therefore, it is important to be able to report soon that more Organisations have moved from planning to actually implementing the framework.

22.   The PN Chair was appreciative of this remark, but explained that implementation can be slow because of the involvement of internal legal offices.

23.   UNDP was also supportive of the CEB Secretariat's remark and is willing to continue supporting others in their efforts to implement the framework.

IV.   WORKING GROUP ON HARMONISATION

24.   This session was presented by the Harmonisation Working Group (WG) Chair, Mr. Eric Dupont (UNFPA).

(i) Revised UN Supplier Code of Conduct

25.   As previously agreed to by the PN, the UN Secretariat (as custodian of the document) prepared a revised version of the UN Supplier Code of Conduct (SCoC) based on input provided by ILO. Subsequently, after legal review and incorporation of feedback received from other PN members, the revised draft was accepted by the members of the Harmonisation WG. The full background to the revision as well as an explanation of the amendment process and an overview of the key changes were presented. The full presentation can be found in *Annex 5*.

PN Comments

26.   PAHO expressed concern about the revision process having taken 18 months to complete.

27.   The PN Chair countered that time can often elapse when legal input is involved.

28.   IFAD informed that the UNGM Vendor Registration Reform team is currently looking into how the SCoC can be presented in a user-friendly way to vendors during the registration process.

29.   UNOPS reinforced that making the SCoC publicly available is crucial and is an important step in avoiding legal issues later on.

30.   The PN Chair agreed, and suggested putting brief explanatory text and a link to the SCoC in the tender documentation.

31.   **Endorsement:** The PN endorsed the revised version of the UN Supplier Code of Conduct (Rev. 05) and agreed to implement it as part of the UNGM Vendor Registration process.

(ii) Update on the Harmonisation Project, Phases I & II

32.   The WG Chair provided an update on the closure activities of Phase I, which included an overview of the status of implementation of PN recommendations. This was followed by an update on the status of Phase II which, now with funding finally received, can begin to move forward. Phase II will be managed by Ms. Zhang (Sandy) Tongxin (UNFPA) as per 1 November 2013, under the continued Chairmanship of Mr. Eric Dupont and Vice-Chairmanship of Mr. Ram Iyer (UNDP). The main activities and outputs that will be encompassed by Phase II were presented. The full presentation can be found in *Annex 6*.

33.   The CEB Secretariat emphasised that the project is very important to the CEB. There are strong demands laid out in the QCPR, many of which will be addressed by the outputs of Phase II. Unfortunately the transfer of funds for Phase II took a long time, but it is hoped that the group can pick up its momentum quickly again and continue the great work accomplished under Phase I.

34.   Several PN members expressed their continued support for the project. In addition, UNEP offered to provide input from a sustainability point to view to Phase II of the project, in particular in the revising of the Procurement Practitioners Handbook (PPH).

35.   UNESCO expressed interest in better understanding how the common guidelines can be applied at the field level. UNESCO is currently heavily involved in leading implementation of the service centre in Brazil and it is proving to be a challenge to apply the policy from UNESCO HQ to the field level.

36.   UNOPS shared promotional flyers with the PN on the mobile Apps that are now available for the modalities for 'Common UN Procurement at the Country Level' and the PPH. A draft email will also be shared with the PN in due course, which can be used to promote the Apps within PN Organisations. The PN was encouraged to leave a review of the Apps after downloading from iTunes or Google Play.

37.   The PN Chair thanked all who were involved in Phase I of the project. He also thanked Mr. Eric Dupont and UNFPA for leading Phase II, and expressed optimism about Phase II moving forward under the new Project Manager.

(iii) Business Operations Strategy

38.   Mr. Eric Dupont provided a brief presentation on the Delivering as One (DaO) Business Operation Stategy (BoS) with particular emphasis on the pilot taking place in Brazil to create an Integrated Service Centre with the support of UNDG and the HLCM. A summary of results from the first mission were shared as well as the next steps. The full presentation can be found in *Annex 7*.

PN Comments

39.   The CEB Secretariat has been working with the UN Staff College on BoS training for some 20-30 operations teams. Every group so far has identified procurement as the key area where they could gain from working together. Therefore, it is very important that the PN engages with this work.

40.   UNESCO reiterated that harmonised procurement at the country level needs to ensure that the policies that are put in place are fully aligned with HQ level and that short-cuts are not taken.

41.   UNAIDS urged for the smaller Organisations to be included in the development of the SOPs in order to ensure that they are capable of following the process and will benefit from it.

42. UNRWA pointed out that since expenditures are driven by programmes they need to be held accountable. Otherwise there is the risk of procurement being seen as having failed to deliver.

43. The World Bank queried whether any Organisations were using techniques to influence programmes, such as category management and planning. Many such techniques are being used in the private sector and have the potential to make significant impact.

44. ILO agreed with both of the above sets of comments. Poor quality technical inputs and planning from technical programmes leads to less optimal outcomes at the procurement end. Greater efforts should be made to address this problem.

45. The CEB Secretariat informed that these issues are beginning to be recognised. For this reason UNDG and the UN Staff College have organised joint training sessions for programme and operations managers. Two further workshops are in the pipeline and it is hoped that this work will continue.

V.   WORKING GROUP ON SUSTAINABLE PROCUREMENT (SP)

46. This session was presented by Mr. Niels Ramm (UNOPS), Working Group Co-Chair, and Ms. Isabella Marras (UNEP) who was representing the other Co-Chair, Mr. Jacob Kurian (UNEP), at the meeting. An update was provided on the programme of work of the group, which includes the development of guidelines on product categories (catering, office supplies, generators, shipping, and others), the 'Buying for a Better World' guide and online training, advisory services, case studies collection, face to face training, and a survey on SP in the UN system.

47. A closer look was taken at the online SP training course, which has already been completed by 78 UN staff members. A 1-hour condensed version of the course will be launched next.

48. The full presentation can be found in *Annex 8*.

PN Comments

49. UNOPS was appreciative of the progress report and highly values the partnership with UNEP.

50. UNOPS informed that it has been challenged by its Executive Board to start putting indicators for sustainability into the Annual Statistical Report (ASR). The ASR belongs to the wider group, therefore, the feasibility of this would need to be discussed and explored. UNOPS wondered whether the SP WG would be able to help support this initiative.

51. UNDP informed that it has recently introduced a SP policy into its procurement manual and has developed comprehensive guidelines to support this policy. It is also working on a policy for total cost of ownership, and has established a strategic partnership with the Global Compact. The latter, being well-established, is a good forum to use and suppliers should be encouraged to become members. UNDP further advised that on a practice basis, collaborative and sustainable procurement have the potential to merge by greening, for example, facilities, vehicles, freight forwarding, travel, pharmaceuticals, etc.

52. UNRWA informed that it can be challenging to implement SP initiatives in the environment it operates in at field level.

53. UNEP agreed that SP is an important consideration for facility management and it has a subject matter expert that provides a helpdesk service on this. Also, UNEP would encourage UN Agencies to include information on the Global Compact in tender documents as it would send an important signal to vendors. UNEP also recognises that it can be difficult to have guidelines followed in the field and one step could be to share practices and experiences and make these available.

54. The UNGM Secretariat informed that in terms of the ASR, in order to report on sustainability activities the information would need to be available in the various Organisations' ERPs.

55. The UNGM Secretariat further informed that ways are being conceptualised to incorporate SP activities into the UNGM, e.g. allowing staff members to indicate when uploading a procurement notice whether the tender has sustainability criteria built into it; automatic notification during a supplier sourcing exercise of any SP guidelines available on the subject matter, etc.

56. UNHCR is interested in taking a deeper and broader look into the supply chain to examine the social practices of suppliers as well as environmental aspects. Any input that can be provided on this would be welcomed.

57. FAO, ITU and UNOPS have already mandated procurement staff to undertake the online SP training as part of their professional development plans. The PN Chair encouraged other Organisations to follow this example.

58. The SP WG expressed interest in collaborating more with the WGs on Professional Development, Harmonisation and Vendor Management (UNGM) in order to further integrate sustainability into the work of procurement. Looking at the bigger picture, the PN Chair asked the WG Chairs to consider having formal meetings once a year, similar to the annual face-to-face meetings that the PN Management Board & Secretariat has, in order to strengthen cooperation in general between the WGs.

59. The PN Chair commended the SP WG for its achievements, but would like it to examine how its work can feed into the HLCM Strategic Plan.

VI.   WORKING GROUP SUPPLIER ACCESS

60. This session was presented by the Supplier Access Working Group Chair, Mr. Ard Venema (UN/PD).

61. The objectives of the WG are: (i) to promote business opportunities for potential suppliers through participating in Business Seminars and other outreach activities in cooperation with Member States and (ii) to streamline the Business Seminar activities through the PN Secretariat as the focal point for coordination of these events.

62. The WG Chair provided an overview of the Business Seminar activity for the first half of 2013 and planned activities for the remainder of 2013.

63. This was followed by presentation of the current partnership between the UN and the ICC WCF[5], and the PN was subsequently invited to discuss how the UN can further benefit from this relationship.

64. The full presentation can be found in *Annex 9*.

PN Comments

65. Several PN members were supportive of the suggestion of having a dedicated (fee-based) portal on UNGM for Chambers of Commerce (CC).

66. IFAD added that it would give all CCs equal opportunity to use UNGM and it would offer the UN new opportunities to partner with CCs in various regions of the world.

67. WIPO agreed that this could be a valuable revenue source for the UNGM. However, mechanisms would need to be in place to make the portal acceptable to everyone and for it not to be dominated by CCs in the developed world.

68. UN/PD also agreed that it would be advantageous to strengthen the partnership with the CCs, in particular because they have the capability of providing follow-up support to suppliers after a business seminar has taken place in a country. UN/PD urged caution, however, in that the WCF has 12,000 members and whether the UNGM is capable of providing support in this potential magnitude. Also, given the volume, there could be strong competition and the UN should be careful not be perceived as giving advantage to certain more powerful CCs.

69. UNRWA raised the point that the CCs are very effective in getting to the source of registration scams. Since the UN has been subject to such scams it could benefit from working more closely with the CCs.

70. The PN was generally supportive of strengthening the partnership between the UN and the ICC WCF. The PN Chair, therefore, suggested that the Supplier Access WG liaises with the UNGM Steering Committee, and presents a concrete proposal for decision at one of the coming PN meetings.

VII.   UN GLOBAL MARKETPLACE (UNGM)

71. This session was presented by the UNGM Steering Committee (SC) Chair, Mr. Giorgio Fraternale (WIPO).

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[5] International Chamber of Commerce World Chambers Federation

(i) Revised UNGM Post Factum Review 2012

72.   The Post Factum Review for 2012 *(Annex 10)* has been revised to reflect a larger income from the Tender Alert Service (TAS) than originally calculated, i.e. USD 340,655 as opposed to USD 311,000. The revised document was therefore amended to reflect a surplus (USD 11,330) rather than a loss, and a subsequent increase of the Reserve Fund.

73.   In accordance with the above, the Reserve Fund's balance for 2012 is as follows: USD 40,473.69 (2011 balance) + USD 11,330 = USD 51,803.69.

PN Comments

74.   The UNGM Membership accepted the revised UNGM Post Factum Review 2012.

(ii) Revised UNGM Rolling Budget 2013-2014

75.   The Rolling Budget for 2013-2014 *(Annex 11)* has been revised to reflect a number of changes regarding staffing. More specifically, the reinstatement of the UNGM Team Lead, promotion of one member of support staff in the UNGM Secretariat, and the decision to retain some ICT resources for support after the launch of the new UNGM system. In addition, the budget has been amended to reflect increases in revenue that are expected in connection with the TAS following the launch of the new system.

UNGM Membership Comments

76.   UNDP asked for a further explanation of the proposed additional costs (USD 133,607) given that expectations for the launch of the new UNGM were greater efficiencies, less maintenance and thus a reduction in costs.

77.   The UNGM SC explained that the main reasons were, (i) the differing costs in contractual modalities used for the former Team Lead that was in place for only a few months and the current Team, Mr. Niels Ramm, who's return to the UNGM has been crucial and highly valued, and (ii) the decision to retain ICT support after the upcoming launch.

78.   The UNGM Team Lead further explained that retaining 2 ICT staff members for 6 months after the launch is vital in order to ensure stability of the system and a positive user experience. As with all IT systems, a certain degree of tweaking and bug-fixing will be required in the weeks post-launch.

79.   On the other hand, although TAS income is lower than this time last year, it is expected to increase due to a number of initiatives that will be undertaken following the launch of the new UNGM: (i) the implementation of a payment module that will allow for recurring payments, (ii) retrieving intelligence from the payment module to examine why some payments failed, and following up on those, (iii) plans for introducing PayPal, (iv) accepting use of a well-known Chinese credit card, (v) the launch of a very strong marketing campaign in 6 languages, and (vi) the fact that the launch of the new UNGM is expected to attract more vendors, have a decreased mortality rate of registrations, and in turn a higher number of companies subscribing to the TAS.

80. IFAD flagged that with the new UNGM expected to attract more vendors, and more and more UNGM members seeking to link their ERPs, further growth of the UNGM is inevitable and should be planned for.

81. **Endorsement:** The UNGM Membership endorsed the Revised UNGM Rolling Budget 2013-2014.

(iii) New Funding Mechanisms for the UNGM

82. At the last UNGM Membership meeting the UNGM SC was tasked with proposing a new business model and financing modalities for the UNGM.

83. The current mechanism is based on: (i) a basic membership fee of USD 5000 per UNGM member Organisation, (ii) TAS income, (iii) the Reserve Fund, and/or (iv) cost-sharing among UNGM member Organisations should income from the afore-mentioned not be sufficient.

84. The calculation of the current cost-sharing mechanism is based on the number of vendor registration requests per Agency. Applying <u>Agency usage</u> of the UNGM as the calculation basis, as suggested by UNDP, has been reviewed in order to assess a potential change in the calculation method. The number of staff logins per Agency is possible to implement without requiring additional administration or development costs. Number of logins are measured by Agency, per month over a given time period. However, the total time spent on UNGM by Agency staff is unlikely to produce reliable results. It is possible to build a mechanism to track actual user activity on the site, however, this will require extensive and complex development.

85. The UNGM SC conveyed that its opinion was that the current cost-sharing mechanism is fair, sustainable and, most importantly, provides incentive to UNGM members to progressively increase its use and therefore make UNGM more efficient and relevant. Furthermore, given the increased TAS income that is envisaged following the launch of the UNGM (and as described above in paragraph 78), and that fact that 3 additional Organisations (UN Women, UNAIDS and ADB) have agreed to join the UNGM and will thus be paying members from 2014, the extra cost-sharing among Agencies is not expected to be necessary in the future. Since 2010 UNGM has been self-financing, and this situation is likely to be confirmed in the future, especially if all of its members continue to fully use UNGM for posting tender notices.

UNGM Membership Comments

86. The UNGM Membership took note of proposal to revise the funding modalities of the UNGM, but given that the UNGM is in a state of major reform, it was agreed that this topic would be further discussed once the new UNGM has been launched and the impact monitored.

(iv) UNGM Steering Committee Membership

87. The UNGM SC currently has 5 members. However, the SC Chair informed that UNICEF has decided to withdraw its membership from the SC.

88.   The UNGM SC sought UNGM membership feedback in order to not only to find a replacement for UNICEF, but to consider the possibility of expanding its membership from 5 to 7 members. This would allow a more adequate representation of the increased number of UNGM member agencies since the UNGM Operating Modalities were approved.

89.   Furthermore, the UNGM SC also sought feedback on the proposal to extend the term that members serve from 2 years to 4-5 years.

UNGM Membership Comments

90.   UNICEF informed that it would remain a member of the UNGM SC until a replacement was identified.

91.   It was agreed that the UNGM SC would work on identifying new members, and the above proposals would be presented for debate and, if possible, a decision at the next UNGM membership plenary meeting.

VIII.   UNGM VENDOR REGISTRATION REFORM (VRR)

92.   The session was presented by the Coordinator of this HLCM-funded project, Mr. Kiyohiro Mitsui (UN/PD).

93.   The presentation included an update on the Project Steering Team (PST) membership as well as the project status and a summary of the next steps. The UNGM VRR project is expected to deliver version 1.0 of the new UNGM by the end of November 2013. The full presentation can be found in *Annex 12*.

PN Comments

94.   UNOPS commended the PST and the UNGM team for the work achieved to date in revolutionising the UNGM vendor registration process. The reform is very timely in that, as was recently evident at the UNDP/UNFPA/UNOPS Executive Board meeting, Member States are increasingly asking questions specifically relating to the UNGM, e.g. are all Agencies using it, are all tenders and awards being posted on it etc., in order to ensure that suppliers are being given adequate access to UN business. In addition, there is a strong interest in sanctions and performance data being made available via the UNGM.

95.   The World Bank asked how vendor information in the new system was going to be maintained and, with so many vendors in the system is any kind of segmentation of the vendor rating process envisaged.

96.   In response to the above, the UNGM Team Lead informed that with the new system procurement staff would be able to rate vendor performance (via 5 criteria). However, any segmentation of the process is yet to be explored. In terms of maintaining vendor data on the system, companies will receive an automatic email (and reminders) after 6 months of non-activity asking them to login and make any updates. Should the reminders lead to non-action, the vendor profile will be deactivated with the possibility of being reactivated later, should it be necessary.

97.   For the benefit of newcomers, the UNGM SC Chair explained that with the new registration system there will be three levels of registration: basic and qualification levels 1 and 2. The basic level can be configured by Agencies to be fully automated and therefore not require any manual intervention. Then, while some Agencies will do their vetting of suppliers during the tender process, others will choose to have suppliers register at the next levels (qualification levels 1 and 2) on the UNGM and a subsequent evaluation process will take place.

IX.   REVISION OF HLCM PN STATUTES - CHAPTER VI

98.   At the last PN meeting the Management Board presented documentation for possible sharing of the operational costs of the PN Secretariat position[6]. The principle of sharing the operational costs was endorsed in principle and the Management Board was tasked with presenting a simple cost-sharing methodology for decision at the PN meeting in Copenhagen.

99.   During this session, the PN Chair proposed minor amendments to the text of Chapter VI as well as a cost-sharing methodology based on PN member Organisation procurement volume.

PN Comments

100.   The initial discussion centred around defining the PN membership i.e. who are members and who are 'associated' members. Members are those who's Organisation is also a HLCM member. However, full information on HLCM membership is not available on the CEB website.

Endorsement

101.   The PN agreed that the operational costs of the PN Secretariat position should be shared across all participating organisations regardless of membership status, i.e. shared across the 33 Organisations (all except UNDP), with one payment per year starting 2014, and preferably at the beginning of the year. UNDP will explore the best way to carry out the invoicing; one solution could be the use the CIPS invoicing model.

102.   The PN further agreed to the proposed methodology, based on procurement volume. Organisations that did not provide data to the Annual Statistic Report are considered not contributing significantly to UN procurement expenditure and thus are allocated to the lowest contributory class. The methodology defines 3 contributory classes and can be applied for any amount of the operational expenses. The calculated contribution per calendar year in the table below is based on operational expenses of 40,000 USD.

Definition of contributory classes:

Procurement volume (% of all UN)	Class	All Members	Share (%)	Share ($)
More than 10%	A	3	15%	6000$
10%> >1%	B	7	3%	1200$
Below 1%	C	22	1.5%	600$

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[6] UNDP will continue to finance the salary costs associated with the position.

Participating Organisations per contributory class:

Class A (3)	Class B (8)	Class C (22)
UN	IAEA	AfDB
UNICEF	PAHO	CTBTO
WFP	UNFPA	FAO
	UNHCR	ICAO
	UNOPS	IFAD
	UNRWA	ILO
	WHO	IMF
	World Bank	IMO
		ITC
		ITU
		OSCE
		STL
		UN WOMEN
		UNAIDS
		UNEP
		UNESCO
		UNIDO
		UNU
		UNWTO
		UPU
		WIPO
		WMO

103. The PN agreed that the text of Chapter IV - Financing, in the HLCM PN Statutes should be amended <u>from the following</u>:

6.1   UNDP will continue to finance the cost of one staff member to serve the HLCM PN and provide a secretariat function, unless this arrangement is revoked by the HLCM.

6.2   UNDP will within limits bear the overhead costs associated with the day-to-day functioning of the HLCM PN and its meetings.

<u>to the following</u>:

6.1   UNDP will continue to finance one staff member to provide secretariat functions to the HLCM PN, unless this arrangement is revoked by the HLCM.

6.2   Participating Organisations of HLCM PN shall defray the operating expenses associated with the functioning of the HLCM PN Secretariat, including travel costs of the UNDP staff member providing secretariat functions to the meetings organized by or on behalf of the HLCM PN.

6.3   The cost-sharing methodology shall be annexed to the present Statutes.

X. COLLABORATIVE PROCUREMENT

(i) Vehicles Project

104. The Coordinator of this HLCM-funded project, Mr. Dominic Grace (UNDP), presented this session.

105. The presentation included the background of the project and an overview of Phase I, which was completed in May 2013. Phase I concluded with a Summative Report *(Annex 13),* already signed off upon by the project WG, and during this session was presented to the PN for endorsement.

106. Phase II is about to kick-off and will last for 9 months. The overall outcome of Phase II is to have in place a number of LTAs with vehicles manufacturers/value-added-resellers that both match the requirements of all Organisations and simultaneously offer better pricing and terms and conditions than are currently available.

107. The Project Coordinator also reminded that this is a Collaborative Activity and relies on the participation and cooperation of all UN Organisations. There is no formal commitment to participate and any Organisation can pull out at any time if they are not comfortable with the direction the project is moving – but, they will need compelling reasons why they are not participating in an exercise that is essentially a One UN activity and has been endorsed by the HLCM.

108. The full presentation can be found in *Annex 14.*

PN Comments

109. UNOPS informed that its offer for all UN Organisations to use UN Web Buy for vehicle procurement still stands, and this would allow the UN to pool its volume, seek rebates and approach vendors with one voice. UNOPS also enquired as to whether 'vendor days' would be held as part of Phase II.

110. While no decision can be made at this point whether UN Web Buy will be part of the solution, the Project Coordinator accepted that looking into achieving rebates was a very valid point.

111. The Project Coordinator also explained that given its relatively small procurement spend in the eyes of the large manufacturers, the UN is unlikely to be able to shape the market. However, he believes that the UN has the opportunity to use its image as leverage, and is very much in favour of having vendor days with strong UN representation in Phase II.

112. The SP WG Co-Chair pointed out that Phase II might be a good opportunity to avail of the SP procurement guidelines for vehicles and the expertise of the SP WG. In addition, UNEP has a large initiative underway on cleaner fuels and vehicles that may be useful.

113. The Project Coordinator explained that SP aspects are more difficult to cater for as there is no UN Agency-wide mandate on SP and it is in some cases politically sensitive. However, the project can have a positive impact on the environment by encouraging the correct use of

vehicles – both in terms of procuring vehicles that are fit for purpose and by providing driver training. Both can cut costs and emissions.

114. The concept of vehicle leasing was raised by STL, and WFP with its very successful leasing programme, based on the International Red Cross model, will be kept on the radar for later on in the project.

115. UNHCR informed that since its LTAs are reaching expiry, it is currently pursuing a renewal process with vendors. This is a necessity and should not be misunderstood as a lack of support to the project. In fact, the exercise may be useful for the project.

116. In terms of the upcoming tender process that UN/PD will be leading in Phase II, the Project Coordinator reassured the group that the outcome is expected be the establishment of multiple LTAs for same vehicle types.

117. UNDP advised that when the LTAs are being set up, they could be on a regional basis to allow multiple LTAs for same vehicle types as suppliers could price differently for regions based on geographical location of manufacturing plants and marketing strategy. This would also overcome Agencies being tied to just one supplier world-wide.

118. The CEB Secretariat reminded that the donors have a strong interest in this project and are very happy that collaboration in vehicles procurement is being worked on.

119. The Project Coordinator rounded the discussion off by saying that compromises will have to be made in this project, but the commitment is there, the financing is there and now there is data, all of which indicates that the project has already come a long way.

120. The PN Chair highlighted the importance of delivering a result on this project that both meets the needs of the UN community and the expectations of the HLCM.

121. The PN endorsed the Collaborative Vehicle Procurement Study, Summative Report of Phase I.

(ii) *Microsoft Enterprise Agreements*

122. This agenda item was introduced by the PN Chair to alert the PN to an unfortunate situation ITU finds itself in at present, and which in theory could happen to any UN Organisation working with Microsoft (MS).

123. The MS Agreement has 3 levels - Master Business Agreement, Enterprise Agreement, and Enterprise Enrollment *(see Annex 15)*. All UN Organisations participating in this arrangement were enrolled under the custom Master Business Agreement, signed between the UN Secretariat and MS in 2004. The Geneva-based Organisations were enrolled under a single custom Enterprise Agreement, signed by UNHCR in 2004.

124. MS Switzerland has now informed that there is no longer a single Enterprise Agreement for the Geneva-based Organisations and that each has to sign its own. The PN Chair informed that the

text being proposed by MS is different to what has previously been agreed within the 2004 framework.

125.   In addition to individual and non-customised Enterprise Agreements, Organisations were asked to sign Online Services Supplemental Terms and Conditions relating to MS Office 365 and other online services. In this context Organisations were receiving contradictory information. The latest being that, MS is claiming that this document has been signed by the UN Secretariat, but this is in fact not the case.

126.   ITU has proposed that it either remains under the former 2004 Agreement, or that it negotiates level 2 & 3 of the Agreement – the latter was done by UNICEF leading to a signature of custom contractual documentation. Both of these proposals have been refused by MS Switzerland.

127.   Unfortunately 4 Europe-based Agencies have already signed new agreements with MS, and this information is being used against those who have not.

128.   MS Switzerland has now offered ITU a 1-year extension of the existing contractual provisions to allow time to resolve the current issues. By the time it reaches expiry, ITU hopes that it will be in the position to join the UNDP contract for Cloud Services, which is currently being worked on.

129.   Given that the information received from MS Switzerland has been seriously incorrect and misleading, ITU is considering sending a notice of administrative action for fraudulent behaviour.

PN Comments

130.   STL informed that it had achieved savings on its MS contract by making a selection of relevant components. Although the costs of the components are higher when selected individually, the approach of only selected what is needed has brought about an overall saving of 25% for STL.

131.   ILO informed that it was also exploring the possibility of a 1-year extension of the existing agreement, and hoped that the Geneva-based Agencies would begin a dialogue with MS Switzerland under the leadership of ITU.

XI.   SIMPLIFYING THE SHARING OF LONG TERM AGREEMENTS (LTAS)

(i) LTA Information Sheet

131.   This part of the session was presented by the Vice-Chair in follow-up to the presentation at the last PN meeting of a draft document simplifying the process of piggy-backing on the LTA of another Organisation.

132.   The PN was invited to endorse the document, now finalised as an Information Sheet template (*Annex 16*), which serves to verify the details of the LTA and that a due process in accordance with the applicable financial and procurement policies, rules and regulations has taken place.

133. The Vice-Chair informed that UNDP is already using the template and that it is a critical first step in facilitating LTA sharing. However, a number of issues still need to be addressed, in particular relating to the defining of ceilings, discount bands, and how call-offs can be monitored.

PN Comments

134. ILO informed that it has recently introduced functionality in its ERP system that enables the tracking of call-offs against its LTAs.

135. The UNGM Team Lead informed that the UNGM SC has been discussing enhancing the current LTA module on the UNGM by using the Information Sheet template to register LTAs.

136. UNICEF questioned whether the form actually needed to be signed off at such a high level (Chairperson of the Contracts Review Committee or Head/Director of Procurement of the Lead Agency) as this may cause delays. UNDP replied that this was necessary since the sharing of LTAs is often a sensitive matter and the form is being used to share pertinent information about the LTA process. Also, this one form, signed off at high-level, can be used by all of UNDP's country offices.

137. The PN endorsed the Information Sheet template for simplifying piggy-backing on LTAs.

(ii) Simplifying the Sharing of LTAs

138. The aim of this part of the session, presented by the PN Chair, was to generate a discussion about the manner in which LTAs are being established.

139. Looking into the 'Procurement Practitioner's Handbook' and the modalities for 'Common UN Procurement at the Country Level' has revealed that key information and guidance is lacking on how to establish LTAs. In addition, usually the full information, including the LTA text, is not posted on UNGM. The full presentation can be found in *Annex 17*.

PN Comments

140. WIPO raised the outstanding issue of the confidentiality clause in the UN General Terms & Conditions as still being a barrier to efficient LTA-sharing. This issue should be resolved once and for all, making it clear to vendors that the confidentiality clause cannot be used against a UN Organisation if it chooses to share the content of a contract with a sister Organisation.

141. A number of PN members informed that their Organisations are including in the tender documents that the contract will be made available to other UN Organisations so that vendors are aware of it up-front.

142. UNDP proposed that the Harmonisation WG could formulate guidelines for the setting up of LTAs, how ceilings can be applied etc. For certain commodities, the Organisation placing an order via the LTA should be able to achieve volume discounts. Then over time any rebate that is achieved should be given to the LTA holder/Lead Agency, which could contribute to the contract management costs.

143. UNOPS supports the enhancement of the LTA module in the UNGM and urged for this to be done in a smart and effective way.

144. UNOPS also explained that the fee it charges for procuring from some of its LTAs, e.g. vehicles, is to cover the costs of maintaining the catalogue system (UN Web buy). Any savings that are achieved are passed on to the customer.

145. UNFPA suggested removing ceilings altogether and replacing them with volume discounts.

146. UNDP's concluding remarks were that the spirit to share and benefit from LTA sharing is most certainly already there. It urged the Harmonisation WG to address the issues previously highlighted, such as, ceilings, monitoring call-offs, notification of LTAs starting up, etc.

147. The PN Chair reminded that removing the obstacles to LTA-sharing is part of the HLCM Strategic Plan, and therefore, of high priority. Naturally, this only applies to those LTAs which are open for sharing. The next step should be for the Harmonisation WG to explore how the issues raised in this session can be addressed through the revision of the 'Procurement Practitioner's Handbook', which is planned under Phase II of the Harmonisation Project.

XII.   NEW STRATEGIC VENDOR MANAGEMENT WORKING GROUP

148. This session was presented by Mr. Sandro Luzzietti (IFAD).

149. At the last PN meeting it was agreed that the reorganisation of the various initiatives related to Vendor Management, under the umbrella of a unified Strategic Vendor Management Working Group (SVM WG), should be explored. To support this a first draft proposal for the Terms of Reference (*Annex 18*) of this unified WG was shared with the PN members for review and discussion, with a view to present a finalised version and have a new WG structure in place by the next PN meeting (Spring 2014).

150. The overarching concept of the SVM WG was presented as well as the proposed activities between this and the next PN meeting, which would include: creating the first nucleus of the WG; Agencies nominating WG members and focal points; refining and finalising the WG TOR; defining the vision and strategy of the WG; nominating the first Chairperson; and restructuring the existing WGs and activities. The full presentation can be found in *Annex 19*.

PN Comments

151. UN/PD was supportive of the initiative and intends to be part of the WG from the outset.

152. UN/PD also informed that the open issue in the draft TOR concerning how many members will constitute a quorum in the WG will be resolved once the full membership of the WG is known.

153. The PN Chair expressed appreciation for the presentation and work carried out on drafting the TOR. He informed that for time being the PN Management Board would continue to support the development of the WG, but would not be an institutional part of the group itself. Finally, he wished the WG the best with fulfilling its upcoming tasks and looks forward to sustainable results from the WG in the future.

154.	**Endorsement:** The PN endorsed the creation of the Strategic Vendor Management Working Group and its first draft Terms of Reference.

XIII. SHOW & TELL: UNOPS SUSTAINABLE PROCUREMENT (SP) INITIATIVES

155. Ms. Anna Spindler and Dr. Alexander Blecken presented this session in behalf of UNOPS.

156. The presentation included information on: the UNOPS "Do you know?" SP campaign; SP workshops carried out for internal and external stakeholders; achieving the CIPS SP Silver level award; and the UNOPS joint procurement initiative for carbon offsets which any interested PN Organisations are welcome to join. The full presentation can be found in *Annex 20*.

157. In addition to the presentation, the PN was shown a 3-minute UNOPS webcast on Sustainable Procurement, which can be viewed here.

158. UNOPS offered to share the "Do you know?" campaign material with other UN agencies upon request.

XIV. SHOW & TELL: UN INITIATIVE ON GREENING PROCUREMENT IN THE HEALTH SECTOR – UN INFORMAL INTER-AGENCY TASK TEAM

159. This session was presented by the following panel of representatives from the UN Informal Inter-Agency Task Team (IIATT) on Sustainable Procurement in the Health Sector (SPHS): Ms. Camilla Brückner (UNDP), Ms. Francesca Racioppi (WHO), Mr. Morten Sørensen (UNFPA), Ms. Susan Wilburn (WHO) and Mr. Volker Welter (UNDP).

160. IIATT-SPHS is an informal group convening five UN Agencies, which have a major stake in the procurement of health products and services. The five UN agencies - UNICEF, UNDP, UNOPS, UNFPA and WHO (with additional advisory involvement of UNEP) came together in May 2012 to address the missing component in the Sustainable UN green procurement process, that of health care products and services.

161. The representatives presented a brief overview of the work and objectives of the IIATT-SPHS. The expected result is a long-term outcome which is to sustainably change the manufacturing processes in the health sector (pharmaceuticals and medical products). Encompassed within this long-term aim are sub-outputs to be gained within a shorter term, which include the UN system-wide guidelines for green procurement in the health sector. The full presentation can be found in *Annex 21*.

PN Comments

162. UNHCR queried the fact that procurement is being held responsible as a major contributor to greenhouse gas emissions. In addition, UNHCR asked the panel to expand on how it intends to impact supplier behaviour, which when this is normally driven by profit-making.

163.   UNEP had 3 questions for the panel: (i) whether there is a need for a communications strategy at this stage, as is planned, when there are no guidelines yet, (ii) whether it is premature having discussions with manufacturers considering that the requirements and priorities have not been specified yet, and (iii) how to ensure that suppliers in developing countries will not be discriminated against.

164.   UNDP enquired about who the main stakeholders were, and suggested that collaborating with NGOs and Governments should be considered as a means to have more impact. UNDP also queried how the Task Team was going to measure the success of the initiative.

165.   UNOPS informed that it has had recent discussions with BSR regarding its clean cargo and sustainable shipping initiatives, and would be willing to share contact details with the Task Team.

166.   WHO voiced concerns about a scarcity of WHO vendor pre-qualification team members being present at the recent technical consultation held in Bonn.

167.   PAHO expressed interest in being invited to any future Task Team meetings. PAHO also, with experience from a recent UNFPA supplier workshop, reiterated that suppliers would need to see clear monetary advantages in the initiative before getting involved.

168.   UNICEF asked whether the initiative might benefit from collaborating with the HLCM PN given the procurement element, and whether UNEP could play a bigger role. UNICEF also echoed concerns about potentially discriminating against supplier in developing countries.

Responses from the panel of IIATT representatives

169.   The panel informed that studies undertaken by the NHS in the UK have shown that the supply chain management as a whole (incl. freight) are responsible for two-thirds of carbon emissions.

170.   By collaborating with large entities such as the NHS, Kaiser Permanente and Health Care Without Harm, the IIATT expects to have greater leverage with suppliers. Furthermore, the better the IIATT is at demonstrating results, the more likely buy-in with suppliers can be achieved. Therefore, the next steps will be to start building alliances, and to prioritise which areas/products to focus on and where the most impact can be made quickly

171.   The panel members pointed out that this project is of growing interest to the donors/Member States and there has in particular been keen interest from the Nordic countries. Therefore, although the initiative is still evolving, it is important to already be mindful of the communications strategy when approaching donors.

172.   In addition, the fact that this initiative will be developing useful tools and guidelines is potentially good leverage in achieving the support of the Member States.

173.   The panel did not agree that the initiative might discriminate against suppliers in developing countries, and believes that the ability of suppliers in these markets to innovate should not be underestimated.

174. The panel welcomed the interest from PAHO, and reassured WHO that the vendor pre-qualification team was fully engaged, although only represented by one person at the Bonn meeting.

175. The proposed more structured collaboration with the HLCM PN was also welcomed by the panel.

176. UNEP is already very involved in the project and has made a significant impact to the work.

Final Comments

177. The HLCM PN was encouraging of the IIATT-SPHS in its future endeavors and expressed its willingness to support the initiative further.

XV. SHOW AND TELL: GLOBAL CARD SERVICES – THE HLCM FINANCE & BUDGET NETWORK WORKING GROUP ON COMMON TREASURY SERVICES

178. This session was presented by video conference by Mr. Nicholas Jeffreys (WHO) and Mr. Carlos Perrone (UN Secretariat).

179. The Working Group on Common Treasury Services, established in 2009, has produced several initiatives aimed at increasing collaboration between UN Agencies for treasury services. A feasibility study conducted in 2011 identified several opportunities for further collaboration, including expanded use of payment cards. Participating entities expressed interest in payment cards as a means to reduce payment processing costs. An umbrella agreement, Global Card Services Contract, has now been signed between UN HQ and Citibank to simplify and streamline payment processes and to maximise financial benefits for the entire UN system. The Contract provides for: travel payment services, purchase cards for low value payments, travel cards, virtual cards, declining balance cards and prepaid cards. The full presentation can be found in *Annex 22*.

PN Comments

180. The World Bank informed that it is running a purchase card programme for petty cash, with a maximum spend limit of USD 5000, and appreciates the rebate that is received at the end of each year. The Bank has a very strict coding system to control what the card is used for.

181. UNDP was also positive about its use of purchase cards for micro purchasing activities (up to USD 5000). There can be potential issues with controls and reconciliations, so it is key to have a solid system in place to manage this.

182. UNOG informed that it has introduced a travel card that has a 3-party verification programme. It also enquired about whether the Global Card Services Contract allowed for receipt of donations.

183. Mr. Perrone informed that the current contract did not allow for this, but it was agreed that the issue would be looked into and the Treasury Services WG would revert with further information.

184. The representatives from the Treasury Services WG invited any Organisations interested in joining the global contract to get in touch. Contact information can be found at the end of the presentation.

XVI. SHOW AND TELL: FACILITY ASSESSMENT AND RECOMMENDATION FOR SUSTAINABILITY (FARS) LONG TERM AGREEMENTS (LTAS) - UNDP

185. This brief session was presented by Mr. Dominic Grace (UNDP).

186. Sustainability is a critical piece of the Strategic Plan of UNDP for both its mission to support sustainable development, and internally in its own operations. The need to develop procurement tools to assist Country Offices achieve the goal of reducing greenhouse gas emissions was recognised. The FARS LTAs were developed to provide one of these critical tools.

187. UNDP has recently awarded two FARS LTAs to assist UNDP in identifying opportunities and developing recommendations to reduce the carbon footprint of its facilities around the world. The scope of the assessment will include energy consumption, water usage, office waste management, vehicle usage and other factors which influence the sustainability of the operation. The objective is to give UNDP the expertise to determine specific changes it can make designed for individual facilities with cost estimates and return on investment savings.

188. UNDP invited other Agencies to make use of the LTAs for their country offices.

189. The full presentation, including information on the two phases of the LTAs, can be found in *Annex 23*.

XVII. SHOW AND TELL: INNOVATION AT UNICEF SUPPLY DIVISION

190. This topic was presented by Mr. Kristoffer Gandrup-Marino (UNICEF).

191. Over the course of recent years UNICEF has been expanding innovation as a core organisational strategy, and has developed this two-streamed approach:

(i) Product innovations, such as:
- Visual Vaccines – an online tool to manage inventory, forecasting etc.
- Back Pack Plus – a system fully integrated into a back pack for community health workers
- Pneumonia diagnostic tool – developing new and improved solutions to current challenges
- School furniture design – with local focus, fit for purpose solutions

(ii) Strategic Projects, such as:
- Crowdsourcing – enhancing communication avenues
- Process, guidelines and tools
- Interfaces – collaboration and partnerships

- Fundraising – exploring funding options for project development

192.   The full presentation can be found in *Annex 24*.

PN Comments

193.   During the presentation it was mentioned that the innovation work can sometimes be hindered by UNICEF's own procurement guidelines. In response, STL suggested that if adhering to the Organisation's procurement processes prevents it from meeting its Organisational objectives in a timely or otherwise efficient manner, the Organisation should consider having the rules and regulations reviewed.

194.   Recognising this, UNICEF currently has a consultant working on how to address it and provide flexibility in its procedures to allow, for example, a company to move from the position of concept developer to being able to participate in the tender, while at the same time still adhere to the principles of public procurement.

195.   UNEP enquired about the status of the innovative 'Visual Vaccine' project that UNICEF had been working on, and was informed that there was focus to move this important project forward.

196.   UNDP informed that it is currently developing a policy on innovation awards, inspired by the British charity that supports innovation, Nesta. The work will be driven by defining the expected outcomes up-front.

XVIII. SHOW AND TELL: INTRODUCTION TO THE U.S. DEPARTMENT OF COMMERCE'S EXPORT CONTROLS

197.   The session was presented by video conference by Mr. Anthony Christino III and Mr. Eric Clarke of the Bureau of Industry and Security, U.S. Department of Commerce in Washington.

198.   The aim of the session was to gain a better understanding of the requirements from the U.S. Government in terms of export licensing.

199.   The representatives explained that license requirements are based upon the reason for control of the item and the country of destination. The following destinations are subject to special controls: Cuba, Iran, North Korea, Sudan and Syria.

200.   With its close collaboration with UNDP's Procurement Support Office in NY, the Department of Commerce has gained a good understanding of the work of the UN, and the licensing policy is supportive of UN activities. Delays normally only occur when vendors to the UN do not provide the required information.

201.   The full presentation can be found in *Annex 25*.

PN Comments

202. UNDP highlighted that this information was very relevant to the work of the UN. Any UN Organisation shipping U.S. manufactured products or product that contains more than a certain percentage of U.S. manufactured components to certain markets will be subject to these controls.

203. ICAO enquired about whether the minimum content was based on value, and Mr. Christino replied that it was. In the U.S. Export Administration Regulations (link provided in the presentation) there are formulae to help determine the value of content, and the Dept. itself can assist with this if need be.

204. STL (or its vendors) often experience delays in obtaining end-user certificates for certain peace-keeping items and enquired whether there was a fast-track process for this or a blanket approval that could be applied to certain items.

205. Mr. Christino informed that problems often occur due to a lack of understanding by the vendors. The Export Administration Regulations are not aimed at international humanitarian operations, they are written for commercial transactions, and this can give rise to misinterpretation. The Dept. of Commerce does not require an end-user certificate for a known end-user. If any UN Organisation encounters problems with this they should contact the Dept. of Commerce or have the vendor do so.

206. In terms of fast-tracking, the Dept. of Commerce has the ability to expedite a license application in urgent cases, i.e., in a turnaround time of 3-5 days.

207. UNRWA enquired about in the event an Organisation loses control of a piece of equipment in a certain country whether this should be reported, and was advised that the Dept. of Commerce should be notified of such cases.

208. UNFPA has experienced that one of its big U.S. vendors, Pfizer, is not willing to apply for the required licensing, and enquired about the turnaround time for a license application.

209. Mr. Christino explained that applying for the licence was a very quick and simple process that requires a minimum amount of time and effort from the vendor. Once the company has entered the information, the turnaround time for processing the license is normally 1-2 weeks. If there is some sort of issue that needs to be resolved, the process can take up to 40 days.

210. UNFPA informed that 40 days was too long in terms of the types of products the UN needs to supply, and asked whether it was possible to obtain a blanket type approval for a number of countries for a specified period of time.

211. Mr. Christino replied that the Dept. of Commerce has a broad authority to license. It is possible to issue one license covering several destinations, the Dept. just needs to know the exact programme locations and quantities involved. The licences are generally valid for 2 years, although in some cases this can be increased to 4 years.

212. The Vice-Chair thanked the representatives from the U.S. Dept. of Commerce for the very informative session. Mr. Christino replied that they looked forward to continuing to support the U.N. and helping resolve any issues that arise.

PN comments post video conference

213. The Vice-Chair reiterated the importance of understanding how the U.S. licensing system works because if the legislation is not followed the repercussions for the Organisation can be very serious. In addition, it's important to be aware that these types of regulations could be applied by various other Governments.

214. UNOPS pointed out that the onus should be put on the vendor to confirm that it has the necessary licensing.

215. UNRWA recommended entering any licensed items in the asset management system in order to keep track of them in the event verification is asked for.

216. The PN Chair suggested including a clause in project documents that the UN Organisation could not be held responsible should there be a problem with the export licensing. In addition, during the tender exercise, potential vendors should be made aware of the need for export licensing.

XIX. HLCM/CEB SECRETARIAT BRIEFING

217. This session was presented by Mr. Ronny Lindstrom, the Senior Coordinator of the CEB Secretariat (UNOG).

218. The presentation began with an update on the Harmonisation of Business Practices (HBP) - the PN was asked to identify potential projects that can be used in the funding proposal for the second phase of the HBP and submit by mid-October. The proposal submitted by the PN for the automation of the data collection for the Annual Statistical Report is yet to be reviewed by the HBP SC. A SC meeting is expected in early November.

219. The remainder of the presentation centred around the HLCM Strategic Plan, the QCPR and the DaO SOPs. The activities relating to the PN in each of the three were reviewed one-by-one.

220. Finally, the CEB Secretariat informed that, although it did not happen at the last HLCM meeting, any items that the PN needs HLCM endorsement on or support in would be part of the agenda for the upcoming HLCM meeting.

221. The full presentation can be found in *Annex 26* and the summary of feedback provided by the PN concerning the Strategic Plan, QCPR and SOPs can be found in *Annex 27*.

PN Comments

222. There was general concern among the PN members that the expectations put upon it by the HLCM Strategic Plan and QCPR are unrealistic.

223. The PN Chair pointed out that only half the PN Organisations have country level operations, but yet the PN as whole is held responsible for implementing the outputs relevant to field operations in the HLCM Strategic Plan.

224. The CEB Secretariat responded that through changing the way the HLCM works, Organisations can operate in an opt in/opt out basis. The Networks are the only fora available for those opting in to deliver the work.

225. The PN Vice-Chair highlighted that delivery is only possible within the context of a project as none of the PN members have the resources to deliver outside of that framework. Therefore, it is very important to map the activities of the Strategic Plan and QCPR into project proposals. This being the case, much of the work is going to fall on the Harmonisation Project, Phase II, which already has a full plan of work.

226. UNOPS advised caution on what could realistically be accomplished in the 12 month period of Harmonisation Project, Phase II. Given that much of Phase II is about conducting feasibility studies, it's crucial that there is a seamless overlap between it and a future Phase III.

227. To ensure a seamless overlap, the CEB Secretariat recommends that UNFPA continues leading the work in Phase III, operating under the same MOU.

228. There is a perception that having non-harmonised rules and regulations is a hindrance to joint procurement. Although, this can indeed present some challenges, the PN pointed out that it is not stopping Organisations from collaborating.

229. WIPO mentioned CPAG[7] as a good example of this. Non-UN entities are also members of CPAG, therefore rules and regulations can differ even more, but yet CPAG has been very successful in overcoming any obstacles in order to carry out joint procurement. The key is the will for it to work. WIPO also mentioned that the PN endorsement of the modalities for 'Common UN Procurement at the Country Level' is an admission of there being differences, but there are also many commonalities.

230. FAO was concerned that trying to harmonise the rules and regulations will divert from all the great work that is being done. If One UN countries believe non-harmonised rules and regulations is the obstacle to common procurement, perhaps the focus should be on educating staff at field level on how they can collaborate.

231. UNOPS informed that its Executive Board has asked for a study to be undertaken to understand to what extent joint procurement is taking place, what the potential is for doing more, and what the potential savings might be.

232. The CEB Secretariat suggested incorporating this into the activities that will fall under 'Expanded scope and commodities for common procurement' in the HLCM Strategic Plan (Output B.1.a.).

233. UNRWA expressed concern about the approach taken by UNDG in that it has been by-passing the Commissioner General and trying to force policy on the Organisation.

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[7] Common Procurement Activities Group, Geneva

234. It was agreed that the PN would submit a list of potential projects for funding by the HBP by 14 October. Included in the list will be the Harmonisation Project Phase III and a study of potential commodities for joint procurement.

XX. SHOW & TELL: UNDP'S WEB BASED PROCUREMENT OVERSIGHT APPLICATION – ACP ONLINE

235. This topic was presented by Mr. Gerard Gomez (UNDP).

236. UNDP launched a web based contracts committee review application for its HQ contracts committee in 2004. The application had limited functionality with the majority of the work processes undertaken outside the application. In addition it did not cater for the local contracts committees at the country level thus providing an incomplete picture of UNDP's procurement oversight.

237. A decision was taken in early 2011 to develop and transition to a new web-based application that catered for all three contract committee levels through a single portal. The requirement was for the entire process from submission to approval to be carried out within the application. This included scheduling of meetings, capturing clarifications and committee recommendations, and endorsement by members. The new ACP Online application was rolled out in stages from mid-June 2012.

238. A number of further enhancements are in the pipeline, including, integration with UNDP's e-tendering module and ERP, language translation, and usage by UN Agencies at country level that have SLAs with UNDP (e.g. UNFPA).

239. The full presentation can be found in *Annex 28*.

PN Comments

240. UNFPA informed that it will start piloting the ACP Online in 2 countries within the next couple of months.

241. UN Women enquired about whether UNFPA would be following its own policy or UNDP's when it starts using the system.

242. UNDP informed that the policies of both are very similar, but a simple SOP is going to be made available to guide UNFPA committee members that will be using the system.

243. UNICEF will also shortly be moving its system to the SharePoint platform soon and would like to consult with UNDP on this if need be during the process.

244. UN/PD enquired about how long records would be held in the system for and whether the source code for the system could be shared.

245. UNDP informed that the records will be kept in the system for 7 years, according to its rules, and will check whether it is possible to share the source code.

246. Further to a query by FAO about monitoring, UNDP informed that a sampling procedure was due to start and would take place every 6 months. The Regional ACP Chair will be responsible for the sampling process.

247. The UNGM Team Lead pointed out that by having contract award information available online could facilitate making this information automatically available via the UNGM instead of relying on manual uploading. UNDP would be willing to discuss this further once the UNGM is ready to go ahead with such an enhancement.

248. Further to an enquiry from WHO about development costs, UNDP informed that it took a small team of developers 1 year to build the system and the costs amounted to approximately USD 150,000.

249. The PN Chair thanked UNDP for the presentation and commended the development team responsible for building the system.

XXI. SHOW & TELL: COLLABORATIVE PROCUREMENT INITIATIVE AMONG NY-BASED AGENCIES - UNFPA

250. This topic was presented by Ms. Zhang (Sandy) Tongxin (UNFPA).

251. In March 2011, Mr. Eric Dupont, Chief of Procurement at UNFPA, called for collaboration of five agencies to support procurement requests from their HQs based in New York. The five agencies being UNDP, UNFPA, UNICEF, UN/PD and UN Women. In October 2012, UNDG/DOCO joined the group.

252. The objectives of the group were to identify and collaborate in common procurement areas across HQ based UN Agencies, and document/disseminate lessons learned and best practices in support of both HQ procurement collaboration and harmonised procurement at field office level.

253. Work done so far include, developing a TOR for the group, publishing LTAs on UNGM to enable piggy-backing, implementing the (UNDP) piggy-backing summary form, creating a work space on UNGM for sharing documents and knowledge.

254. The next steps will be to begin recording cost savings, identifying and conducting joint tenders for common items, creating a mechanism to monitor business volume and supplier performance on common LTAs, and liaising with other HQ-based collaborative procurement working groups to share experiences.

255. Ms. Tongxin also took the opportunity to present information on the following: (i) current usage of the LTA module in the UNGM and areas for improvement thereof, (ii) a case study on a joint LTA for online language learning set up by UNFPA with Rosetta Stone (with a discounting scheme instead of a ceiling amount, and open to other UN Agencies to join), (iii) UNFPA's implementation of and experience with the In-tend e-tendering system, and (iv) a briefing from the 2-day UNFPA supplier workshop which took place in parallel with this PN meeting.

256. The full presentation can be found in *Annex 29*.

PN Comments

257. STL enquired about UNFPA's experience in getting five different Agencies to agree on TORs and whether the opportunity costs of one Agency taking the lead, as opposed to each doing its own procurement process, were being measured.

258. UNFPA responded that reaching agreement on the online language training contract had been straightforward. The main savings were being measured in terms of the discounting scheme.

259. The PN Chair informed that when CPAG works on complex tenders, it chooses to base the TOR on the requirements of the Organisation with the most demand. Generally the more Agencies/entities that are involved, the more complex the process is.

260. IFAD added that not all tenders are suitable for joint procurement, and suggested that the Harmonisation WG develops some basic criteria for groups considering joint tendering. IFAD also proposed that a year before a tender is launched a comprehensive market study is launched in order to gain a good understanding of the opportunities, and thus facilitate the development of a common TOR.

261. OPCW informed that the Organisations based in The Hague were looking at ways to collaborate more and it would contact UNFPA to learn more from its experiences.

262. UN/PD enquired about the potential for using the UNGM to, not only share LTA information, but to measure on an ongoing basis the benefits of the usage of LTAs by other Agencies.

263. The UNGM Team Lead informed that this type of functionality, and other lacking functionality mentioned during the presentation, was currently in the plan for the next phase of UNGM development.

264. UNDP informed that it now has an LTA policy, and pledged to post all its LTAs on the UNGM in future.

XXII. VENUES FOR FUTURE SESSIONS, MEETING WRAP-UP & CLOSE

Next venues

265. The next PN session will be hosted by ITC-ILO in Turin in March 2014. The exact dates will be communicated in due course.

266. The subsequent PN meeting (September 2014) will be hosted by AfDB in Pretoria.

267. AfDB proposed the idea of the NPIO[8] meeting being hosted in conjunction with the PN meeting in Pretoria, with the notion that the two could overlap and benefit from a 1-day joint meeting. It was agreed that IFAD, who currently chairs the NPIO, would consult with the network at its upcoming meeting and revert to the PN.

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[8] Network on Procurement in International Organisations

New member

268.   STL was welcomed as a new Associated Member of the HLCM PN.

Closing

269.   The new UNHCR representative expressed appreciation for the welcome to the PN and the opportunity to learn about all the great work that is taking place.

270.   On behalf of the hosting Organisations in Copenhagen, UNOPS thanked the PN for coming, and key Copenhagen staff for making the necessary arrangements for a successful meeting.

271.   The PN Chair thanked the Copenhagen Agencies for hosting the meeting, the PN Secretariat for the support provided, and the PN for participating.