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

Summary of Conclusions of the Thirteenth Session of the

High Level Committee on Management's Procurement Network

(20-22 February, UN/PD, Entebbe, Uganda)

INTRODUCTION AND BACKGROUND

1.   The 13th session of the High Level Committee on Management's Procurement Network
     (HLCM PN) was hosted in Entebbe, Uganda by UN Procurement Division (UN/PD) on 20-22
     February 2013, under the Chairmanship of Ms. Boi-Lan Lemoine (Deputy Chief, Purchase and
     Transportation Section, UNOG) with the support of the Vice-Chairperson, Mr. Dietmar Plesse
     (Head, Procurement Division, ITU) and the Outgoing Chairperson, Mr. Vanja Ostojić (Deputy
     Chief, Procurement Bureau, ILO). The incumbents of these three positions form the
     Management Board of the HLCM PN.

2.   The meeting was attended by 32 colleagues representing 24 of the 37 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 members for their active
     participation in the PN and for the work completed by the Working Groups and Special Project
     Teams since the last Session, held at ICAO in September 2012. UN initiatives on effectiveness
     and efficiencies continue to be in the spotlight, and management and Donors are regularly
     asking procurement to report on and drive progress in value measurement. Change is unending
     in procurement, whether in leading sourcing strategy for product changes that will better meet
     a programme's needs or in streamlining the supply chain to optimise service and deliver
     increased value in spite of budget reductions. The PN Chairperson shared her hopes for the
     meeting and anticipated the PN refining its collective strategies in this challenging time, and
     embrace risks and opportunities to create the optimal frameworks. She encouraged PN
     members to keep an open mind and to ask themselves: "What would you attempt to do if you
     knew that you could not fail?"

6.   Mr. Dmitri Dovgopoly (Director, UN/PD) welcomed the PN members to the 'second home' of
     UN/PD. He conveyed how much the presence of the PN was appreciated in Uganda, which
     was expressly remarked upon by the Government of Uganda during the Business Seminar
     hosted in Kampala the previous day – the first ever of this nature to be held in Uganda. Mr.

Dovgopoly thanked the staff of the Regional Procurement Office of UN/PD for their support in making the meeting arrangements and wished the PN a productive session.

7.   The Vice-Chairperson provided some information on the size and population, including a large refugee population, of Uganda. Uganda faces the same problems as many other African countries, but fortunately, given the long-residing current presidency, Uganda has enjoyed a long period of stability compared with other African countries. Referencing an article in a local newspaper, the Vice-Chairperson highlighted how business practices in this part of the world can differ from those of Europe. He thanked UN/PD for hosting the session and encouraged members to enjoy this unique opportunity to meet on the shores of Lake Victoria, the world's 2nd largest freshwater lake by surface area.

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

I.   ADOPTION OF THE AGENDA

9.   The Agenda adopted by the Network is listed below with the relevant annex numbers for supporting documents[1] related to topics:

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

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

   iii.   ***From Montreal to Entebbe — Status Report and Overview of Activities***
          Annex 3: Presentation 'From Montreal to Entebbe' – Kerry Kassow (HLCM PN Secretariat, UNDP) and Boi-Lan Lemoine (HLCM PN Chairperson, UNOG)

   iv.   ***Vendor Eligibility Project***
          Annex 4: Presentation 'Vendor Eligibility Project Implementation – Progress to Date' – Dominic Grace (UNDP)

   v.   ***Working Group on Sustainable Procurement***
          Annex 5: Presentation 'Sustainable Procurement Working Group' – Jacob Kurian (UNEP)

   vi.   ***Working Group on Professional Development***
          Annex 6: Presentation 'Professional Development Working Group' – Torben Soll (UNDP)
          Annex 7: Table 'Training Compendium 2012'
          Annex 8: Table 'Recommended Training Courses'

   vii.   ***Working Group on Vendor Management (UN Global Marketplace – UNGM)***
          Annex 9: Presentation 'UNGM Briefing' – Giorgio Fraternale (WIPO)
          Annex 10: Document 'UNGM Operational Report 2012'
          Annex 11: Document 'UNGM Finance Post Factum review 2012'
          Annex 12: Document 'UNGM Rolling Budget 2013-2014'

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[1] 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

viii. **UNGM Vendor Registration Reform Project**
Annex 13: Presentation 'UNGM Vendor Registration Reform, Project Steering Team Status Report' – Kiyohiro Mitsui (UN/PD)

ix. **HLCM Strategic Plan and Update of PN Work Plans**
Annex 14: Presentation 'HLCM Strategic Plan and Update of PN Work Plans' – Dietmar Plesse (ITU)

x. **Strategic Forward Planning Follow-Up**
Annex 15: Presentation 'HLCM PN Strategic Forward Planning Follow-Up' – Vanja Ostojić (ILO)
Annex 16: Document 'Overview of Strategic Forward Planning session'

xi. **Collaboration with the ICT Network**
Annex 17: Presentation 'Common Costing & Benchmarking for ICT Services' – Antoine Karam (UNODC) and Ken Herman (CEB Secretariat)

xii. **Collaborative Procurement of Vehicles Project**
Annex 18: Presentation 'Collaborative Vehicle Procurement Study – HLCM PN Update' – Dominic Grace (UNDP) and Katherine Vigneau (Consultant)

xiii. **Terminology and Methodology for Determining Benefits**
Annex 19: Presentation '*Terminology and Methodology for Determining Benefits'* – Boi-Lan Lemoine (UNOG)

xiv. **Working Group on Supplier Access**
Annex 20: Presentation 'Supplier Access Working Group Activity Report' – Ard Venema (UN/PD)

xv. **Working Group on Harmonisation**
Annex 21: Presentation 'Harmonisation Project, Phase I' – Eric Dupont (UNFPA)
Annex 22: Presentation, 'Harmonisation Project, Phase II' – Eric Dupont (UNFPA)

xvi. **Annual Statistical Report on UN Procurement: Automation of Data Collection**
Annex 23: Presentation 'Automation of data collection for the Annual Statistical Report on UN Procurement' – Therese Ballard (UNOPS)
Annex 24: Document 'Proposal for the Automation of data collection for the Annual Statistical Report on UN Procurement'

xvii. **Show and Tell: Working with ICC**
Annex 25: Presentation 'HLCM Procurement Network – Working with ICC' – Simon Jones (ICC)

xviii. **Show and Tell: Moving from Transactional Based Procurement to a Supply Chain System**
Annex 26: Presentation 'Moving from Transactional Based Procurement to a Supply Chain System: The UNFPA Case' – Ingegerd Nordin (UNFPA)

xix. **Show and Tell: Contract for Customer Relationship Management Software**
Annex 27: Presentation 'Contract for the implementation of Customer Rel*ationship* Management (CRM) software with SAP Switzerland AG' – Dietmar Plesse (ITU)

xx. ***Show and Tell: Import and Export Prohibitions and Restrictions***
Annex 28: Document 'Briefing Note'- Jay Pozenel and Jun Lee (OLA)
Annex 29: Document 'Import and Export Prohibitions and Restrictions'- Jay Pozenel and Jun Lee (OLA)

xxi. ***HLCM PN Statutes – Chapter VI, Financing***
Annex 30: 'HLCM Procurement Network Statutes' – Dietmar Plesse (ITU)

xxii. ***JIU (Draft) Review of Long Term Agreements in Procurement in the UN System***
Annex 31: Document 'JIU (Draft) Review of Long Term Agreements in Procurement in the United Nations System'
Annex 32: Document 'Comments by the HLCM PN Management Board'

xxiii. ***HLCM/CEB Secretariat Update***

xxiv. ***Life-Cycle Costing[2]***
Annex 33: Presentation 'Life Cycle Costing' – Dominic Grace (UNDP)

xxv. ***Simplifying the Sharing of Long Term Agreements***
Annex 34: Document 'Sample Letter for Sharing LTAs'

xxvi. ***Election of PN Vice-Chair, Next Venues and Closing***

II. FROM MONTREAL TO ENTEBBE – STATUS REPORT AND OVERVIEW OF ACTIVITIES

10.   The PN Chairperson and Ms. Kerry Kassow (HLCM PN Secretariat, UNDP) provided a status report and overview of activities throughout the period since the Network's last session in Montreal in September 2012. The full presentation can be found in *Annex 3*.

PN Secretariat

11.   Information on the state of the Network was provided. Membership of the PN has been relatively stable since Montreal, with 2 new members having joined and 3 having left. The total number of PN members is currently 95, and 37 Organisations are represented. Out of the 95 individuals, 59 are PN Representatives, Alternates, WG & Project Chairs and 36 are 'other' individuals, typically WG members. In terms of gender, 63% of the membership is represented by the male gender and 37% by the female.

12.   The PN Secretariat also provided, as usual, an overview of the Working Groups (WG) and Special Projects.

13.   The main activities of the PN Secretariat were outlined, including participating in the face-to-face meeting of the Collaborative Procurement of Vehicles WG in Geneva in December 2012 and the development of a workspace for the group on www.ungm.org.

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[2] Items XXIV and XXV were introduced to the agenda during the 'Adoption of the Agenda' session

14.   The PN Secretariat informed of the upcoming launch of the newly developed CEB website and highlighted some of the PN-related information that would be available on it.

15.   There has been a high level of activity in terms of coordination and participation in Multi-Agency Business Seminars since the last PN session and a further 3 seminars are in the pipeline so far for 2013.

PN Management Board

16.   The PN Chairperson presented the main activities of the PN Management Board since Montreal, which included: supporting the Harmonisation WG in securing approval from the Harmonisation of Business Practices Steering Committee (HBP SC) for Harmonisation Project, Phase II; coordinating the identification of candidates with procurement expertise for Operation Management Skills (OMS) training in Bangkok on 8-11 February, and providing input to the Joint Inspection Unit's (JIU) Draft Review of Long Term Agreements in the UN System.

17.   Further to the discussions at the PN session in Montreal regarding the potential for collaborative procurement in the area of ICT, the PN Management Board participated remotely in the fall session of the ICT Network, with follow-up discussions that will take place via videoconference with ICT Network representatives during the Entebbe session (see Section XI).

18.   The PN Management Board has consolidated PN feedback to the draft Standard Operating Procedures for countries adopting the Delivering as One approach, as prepared by UNDG and requested for with very short notice, as well as PN input to the Quadrennial Comprehensive Policy Review (QCPR) for UNDG.

19.   The PN Management Board has been liaising regularly with the HLCM/CEB Secretariat on PN matters, and represented the PN at the HLCM meeting in Washington on 24-25 September 2012 and at the HLCM Strategic Planning Retreat in Turin on 14-15 January 2013.

20.   Preparations are underway for representing the PN at the HLCM meeting in Rome on 7-8 March 2013.

III.   VENDOR ELIGIBILITY PROJECT

21.   This topic was presented by the Mr. Dominic Grace (UNDP). The full presentation can be found in *Annex 4*.

Survey on implementation

22.   In January 2013, UNDP invited PN members to participate in a follow-up survey on progress in implementing the Model Policy Framework (MPF). The survey focused on the role and expectations of stakeholders in implementation and the way Organisations are handling information on proscribed practices.

23.   A total of 22 Organisations responded to the survey.

24.   In the survey, Ethics Offices emerged as a key implementing partner alongside Investigative Offices.

25.   The survey also revealed that implementation is growing. A total of 4 Organisations have now implemented a Vendor Sanctions System based on the MPF, and 11 more are planning to implement in 2013.

26.   The lack of financial and technical resources have been identified as the main obstacles in implementation of the MPF in every survey thus far.

27.   The main benefits of implementation are perceived to be that System-wide recognition will help enforcement of sanctions and create leverage, and Donors and Member States would view an established system in a favorable manner. The biggest gain is, "learning valuable lessons on how to prevent proscribed practices".

28.   In 2012, PN members shared relevant information regarding the potential risk of engaging certain vendors. The survey revealed that Organisations used this information to check lists and rosters, which is an important element of due diligence.

29.   An update was also provided on the implementation of UNDP/PSO's vendor sanctions system:

- On 1 February 2013, UNDP sanctioned 3 vendors that were named respondents in the first case to be referred to the Vendor Review Committee (VRC) by the UNDP Office of Audit and Investigations in a matter that was investigated in collaboration with WFP

- Some important elements were highlighted as key in the sanctioning having been a smooth process, such as: the VRC kept the Country Office and the Bureau engaged at every stage; the VRC membership includes staff members from Bureaus other than Management, and their insights, and the lessons learned therein, made the process more robust; a close collaboration with investigators ensured that the allegations were documented properly; and all communication took place by email through a dedicated email account.

- UNDP is working with UNGM to place these sanctioned vendors in the UN Ineligibility List.

- In 2012, the VRC received 3 cases after it began meeting regularly during the fourth quarter of 2012 - 2 cases have ongoing administrative proceedings, and have resulted in a total of 10 vendors being put on Interim Suspension.

- Internally, the Vendor Sanctions Policy has led to collaboration with the Communications Office (press releases related to corrective actions following investigations), development of brief case studies for the Ethics Office, and information briefs to be used by the Bureau of External Relations and Advocacy (Donor relations) and the Office of Audit and Investigation.

- UNDP has made publicly available on its website, information relating to Vendor Protests and Sanctions.

- UNDP is considering hosting a Vendor Sanctions workshop as a high-level training activity available to other UN agencies. The workshop will take place this spring/summer in New York, and will cover policy and practical aspects of the MPF as applied at UNDP.

PN Comments

30. IMF enquired about whether after the sanctioning period vendors will automatically be re-instated. To which UNDP responded that the vendor would most likely have to undergo a rehabilitation process before being engaged with again.

31. UN/PD has developed an 11-point procedure for re-instatement and offered to share this with the Network.

32. UNESCO has implemented the MPF to the extent possible at this time and wondered if partial implementation is recognised. And whether information on sanctioned companies, consultants, non-profit entities etc. will be shared on UNGM.

33. UNDP pointed out that the extent of implementation is at the discretion of the individual Organisation, but a key element is the establishment of a VRC.

34. The UNGM module has been developed and will soon be deployed. UNDP will keep a register of sanctioned vendors in the UNGM. According to the MPF, this should then apply to other Organisations working with these vendors. However, there are clauses that allow for an Organisation to continue working with a vendor, suspended by others, if it is critical to do so.

35. ITU informed that it is in the process of establishing a common sanctions board with WMO and UNAIDS, as given their respective relatively smaller number of employees, they would be unable to have enough staff to convene a board that would be independent of procurement. They will report on progress of this endeavor at the next PN session.

36. ILO welcomed the initiative of having a workshop, was interested in knowing which Organisations had not yet implemented the MPF and how to get more detailed sanctioning information on those vendors flagged as 'suspended' in the UNGM.

37. UNDP pointed out that it can be challenging for smaller Organisations to implement the MPF, but yet it is something that all are expected to do. Therefore, it's important for Organisations that are faced with constraints, to make their HLCM representative aware of the issues so that they can be raised at that level.

38. Information-sharing is always a sensitive topic and therefore the vendor sanctioning module of the UNGM will be in a protected area with specific access rights and information available there will be fairly low-level. However, Organisations will have the documentation trail fully justifying any actions that have been taken.

39. FAO informed that it has internal issues in implementing the MPF, whereby its Office of Investigations is having difficulty in collaborating with the legal department. Therefore, the proposed workshop is very welcome and it would be useful if staff from these departments were able to attend so as to understand the process better.

40.   UNDP suggested that it includes UNDP audit and legal staff in the workshop in order to explain how the vendor sanctioning process has been implemented and how it works.

41.   WIPO pointed out that any Organisation not yet a member of the UNGM would face limitations in terms of applying/accessing information on sanctioned vendors. Also, it is important to inform staff to cross-check vendors against the UNGM when doing a tendering process, as the system is not designed to notify automatically.

42.   UNOPS suggested that UNDP and UNOPS enters its information on sanctioned vendors in the UNGM and then provides a demo of this at the proposed workshop.

43.   UNOPS nominated Jim Provenzano (UNOPS), who has been very supportive of the vendor sanctioning project, to take part in the workshop from a legal perspective.

44.   UN/PD raised the issue of vendors sometimes being suspended for much longer by one Organisation than another for the same misdemeanor, and encouraged the PN to have discussion on having a more proportionate approach to this.

45.   The PN Chairperson thanked UNDP for the encouraging presentation and was appreciative of UNDP's very pragmatic approach to implementing the MPF.

46.   **Endorsement:** It was agreed that the PN Management Board would take over the responsibility of undertaking future surveys and reporting on progress in the implementation of a Vendor Sanction System based on the Model Policy Framework.

V.   WORKING GROUP ON SUSTAINABLE PROCUREMENT

47.   This topic was presented by the Sustainable Procurement (SP) Working Group (WG) Co-Chair, Mr. Jacob Kurian (UNEP). The full presentation can be found in *Annex 5*.

Progress report

48.   In January 2013, the WG launched the online training course on SP, the content of which is based on the SP Guide 'Buying for a Better World'. The course is openly available from the UNGM website, is free of charge, takes 5-10 hours to complete and a certificate can be printed by the participant after a final test. The PN was requested to share this information within and outside its Organisations, as well as share any suggestions for improvement.

49.   Using funds remaining from a project with UNEP, the Swedish Environment Management Council (SEMCO) will provide support to the SP WG in completing a number of the tasks in the work plan. These are as follows:

- Develop the contents for a 1-2 hour online awareness-raising course. (The story line will be developed and programmed by UNDP.)
- Support SP advisory services by developing a FAQ section on SP that will be made available on the UNGM and greeningtheblue.org.
- Support SP advisory services.

- Develop 10 case studies on SP – the PN was reminded about the request for SP cases that was recently sent out and encouraged to send information on any relevant initiatives undertaken.

50.   The WG has drafted a concept for developing a SP Implementation Package. The proposed package will encompass the online training courses, brochures for face-to-face training, the FAQ, Guides and Guidelines, case studies, flyers, posters, computer wall papers, introductory PowerPoint presentations, introductory text for internal/external communication, and a helpdesk service.

51.   The WG Co-Chair encouraged the PN to utilise and spread the word about the SP expertise available within the WG and SEMCO. The service is generally provided free of charge, unless the work is resource intensive in which case a proposal will be provided.

52.   The presentation concluded with information on sustainable facilities and the Inter-agency Network of Facility Managers (INFM).

53.   Facility managers are major requisitioners and clients of procurers, but they may not be aware of or understand sustainability initiatives of procurers and vice versa. To improve communication between the two groups in Geneva, Geneva-based facility managers have decided to work closely with the Common Procurement Action Group (CPAG).

54.   The INFM meets annually and has a Working Group on Sustainability that provides guidance on various issues e.g. green leasing, energy efficiency benchmarking for UN building, energy audits etc., and it has a helpdesk which is open to all UN Organisations. This WG is also Chaired by Jacob Kurian and he ensures that pertinent information from the PN is shared with the group.

PN Comments

55.   UNHCR thanked the WG for the support provided to the development of its SP Action Plan for 2013. UNHCR is also very pleased that the online training course has been launched, looks forward to the shortened version, and queried whether any face-to-face training is envisaged.

56.   The WG Co-Chair responded that face-to-face training could be a possibility, but it would be on a cost-recovery basis.

57.   FAO has shared the information on the online training course with staff and asked for it to be included in their development plans for 2013.

58.   UNICEF receives many queries regarding SP and is therefore very pleased that the online training course is available, and will make sure to promote it at HQ and country level.

59.   UNDP informed that it is currently working with a few other Agencies on establishing an LTA with an independent company that can visit country offices and assess them in terms of carbon emissions and suggest ways to reduce/offset these.

60.   It is also possible that the Vehicles Project could evolve to examine reducing carbon footprint through e.g. driver training initiatives etc.

61.   UNDP also pointed out the need for requisitioners to better understand procurement. To change this, and to help in making the right choices, awareness information that is short and concise would be required.

62.   The WG Co-Chair agreed with this and offered the support of the WG as required. He suggested that the short version of the online training course be introduced to requisitioners as well.

63.   ILO commended the WG for the continued progress despite the stalemate on the issue of SP in the General Assembly, although there are signs that this is changing. ILO's Department of Norms is at the disposal of the WG in assisting in further developing questions on social-related issues. Furthermore, in developing the Guidelines on Health & Safety Standards for Construction, ILO suggests that the WG contacts ILO's department dedicated to occupational health and safety issues. Finally, in terms of face-to-face training, ILO reminded that ITC-ILO has a training module built into its Master in Public Procurement course, delivered in collaboration with the University of Turin.

64.   The PN Chair expressed appreciation of the progress made by the WG and is excited about the online course in terms of the support it will give in implementing SP criteria. She also looks forward to the new products that are being developed.

VI.   WORKING GROUP ON PROFESSIONAL DEVELOPMENT

65.   Mr. Torben Soll (UNDP) chairs the Working Group. The full presentation can be found in *Annex 6*.

66.   An update was provided on the three sub-Working Groups (SWG) that exist under the Professional Development Working Group:

67.   (i) *Job Descriptions (JD)*, led by Ms. Lena Romer (UNICEF)
        The Chair reminded the members about the space that has been created on UN Teamworks[3] for the sharing of JDs. To facilitate the uploading of information onto the space, a Quick Guide has been created as well as a Naming Convention to ensure that uploaded documentation has a uniform title structure, is tagged, and can easily be identified. PN members were encouraged to ensure that their JD focal points join the space and that it gets populated with JDs. A survey among the Agency focal points in order to identify the issues and challenges that exist in terms of updating JDs has been completed.

        The next steps will be to carry out some marketing of the JD space through direct mailing etc. The SWG will also contact UNESCO in connection with the One UN initiative to harmonise JDs (at assistant level) that it is leading, and re-establish contact with the HR Network and prepare a Guidance Note to highlight the need, and provide assistance, for further developing procurement JDs to ensure that the skill sets of procurement are adequately described and get the required recognition.

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[3] https://undp.unteamworks.org/node/192391

68.   (ii) *Knowledge Sharing*, formerly led by Ms. Christine Tonkin (IAEA)
The need to have a peer-to-peer knowledge sharing space for all procurement staff to exchange innovative approaches, best practices, sharing of information of general interest, and provide a simple and self-moderated online discussion forum has been identified. Therefore, in the absence of funding to create such a space on the UNGM, the creation of a space on Teamworks has been conceptualised with the support of IAEA. However, since the recent retirement of Ms. Christine Tonkin work in this area has not been able to progress. The SWG will be looking to see if IAEA can continue to support the project under its new Directorship (from 1 April 2013) or whether the hiring of a consultant will be required to drive it forward.

69.   (iii) *Training Opportunities*, led by Torben Soll (UNDP)
The *Training & Certification Course Compendium 2012* was compiled and released in the lead up to the last PN meeting (see *Annex 7*). A total of 52 courses from 15 Organisations are listed in the Compendium, the majority of which are open to other UN staff. The next update will be released in September 2013.

70.   A new table outlining Recommended External Training Courses has been launched (see *Annex 8*). The purpose of the table is to highlight courses that have been tried and tested to full satisfaction by Organisations. PN members were thanked for providing content to the table.

71.   An overview was provided of the UNDP/CIPS Procurement Certification Programme. Currently, 31 Organisations are using the Programme and by January 2013, over 2000 students were certified at Level 2 and some 400 at Level 3. Level 4 was released in December 2012.

72.   UNDP/CIPS was recently awarded the prestigious European Supply Chain Excellence Award 2012/2013 for Training and Professional Development, in recognition of the Procurement Certification Programme developed by UNDP's Procurement Support Office in cooperation with CIPS, and its success in professionalising the UN and public procurement sector.

73.   A new initiative with CIPS is currently being explored whereby UN staff could access CIPS Business Intelligence (a website with a wide range of useful documentation, products and concepts) in a similar manner to the way the Kompass directory is currently subscribed to and accessed via the UNGM website. Before making this decision further investigation would need to be carried out regarding the costs, whether the Kompass model could be applied and to what extent PN members are interested in the concept.

PN Comments

74.   UNHCR is currently rolling out UNDP/CIPS certification to its staff and will be having courses in Budapest, Nairobi and West Africa. Other Organisations are welcome to join should all seats not be filled by UNHCR.

75.   UNHCR is working on developing procurement specific JDs and will share them on the JD space as soon as completed.

76.   At PAHO all HQ procurement staff is now UNDP/CIPS certified as well as staff in 23 countries in the region. There is a move to make Level 2 certification mandatory for

procurement staff. PAHO is planning to host Level 2 & 3 courses in Washington in the near future and welcomes any New York-based UN staff to join.

77. UNDP supported the initiative of Organisations inviting other UN staff to join training courses as it is both cost-effective and stimulates inter-agency cooperation.

78. UN/PD raised the issue of procurement falling under the area of Administration in the entrance examination for its Young Professional Programme recruitment initiative, and therefore it is a challenge identifying suitable candidates for procurement functions. UN/PD would like to see procurement classified as a distinct occupational group and suggested that this issue be raised to the HLCM.

79. WIPO supported the request for this issue to be raised to the HLCM and the need to stress the importance of professionalising procurement. When individuals without any procurement background or studies are recruited, the procurement unit often ends up having to provide the procurement training.

80. UNRWA commended UNDP for the Excellence Award and enquired as to how it intends to continue expanding the programme. UNRWA would be happy to have some of its staff trained to provide the training as it would help in keeping its costs down.

81. UNDP informed that it would be working on streamlining the administrative side of its training operations this year in order to operate more efficiently, and also plans to launch an online version of the Level 2 course later in 2013.

82. In 2012 UNFPA rolled out UNDP/CIPS training to its procurement staff at HQ level and at least 1 person in each Country Office has been certified. UNFPA has noticed that Country Office staff members are often over-burdened and offering the training has been a good way to reach out to them and make them feel empowered and recognised. In 2013 they will be encouraging all programme managers to take the UNDP/CIPS training.

83. WMO who is a member of the JD SWG urged PN members to have their JD focal points add JDs to the space.

84. IAEA enquired as to whether it has been agreed what type of information will be shared on the proposed Knowledge-Sharing space.

85. UNDP explained that the intention with the space is to provide a facility for sharing good practices, innovative ideas etc. with an advisor committed to developing the concept and structure of the site.

86. Ms. Caro Cook from IMF, who will shortly be replacing Ms. Christine Tonkin as Director of Procurement at IAEA, informed that she would be happy to support this initiative and will look into what is required once she takes up her new responsibilities.

87. PAHO cautioned about having another platform in addition to the UNGM.

88.　Further to an enquiry from WFP, UNDP re-confirmed that participants must complete UNDP/CIPS Level 2 before proceeding to Level 3. Fast-tracking is possible with CIPS's own courses, but they are a different product and not tailored to UN rules and procedures.

89.　ILO would be in favour of experienced staff being able to 'fast-track' to UNDP/CIPS Level 3 and hopes that the launch of the online version of Level 2 will help to speed up the process of moving to Level 3.

90.　ILO informed that it will host a UNDP/CIPS Level 2 course in Geneva in June 2013 and UNAIDS will host a Level 3 course in September 2013. This information should be shared so that other Geneva-based staff have the possibility of joining should there be seats available.

91.　The World Bank informed that it is starting to look very seriously at the CIPS training.

92.　AfDB informed the World Bank that it, in cooperation with UNDP, has developed a training programme for its staff similar to the UNDP/CIPS version.

93.　The PN Chair congratulated UNDP on the Excellence Award and on the recognition it has achieved within the sector.

94.　It was agreed that the WG will revert to the PN on the evolution of the Knowledge-Sharing space and whether there will be a need for a consultant to drive this work forward. The PN will revert to the WG Chair on the level of interest in being able to access the CIPS Business Intelligence site. Finally, the WG was asked to give the PN Management Board any feedback it would like to be taken forward the HLCM at its upcoming meeting in terms of the issues raised regarding professionalising procurement.

VII.　WORKING GROUP ON VENDOR MANAGEMENT (UN Global Marketplace - UNGM)

95.　Mr. Giorgio Fraternale (WIPO) who presented the session chairs the Vendor Management Working Group and the UNGM Steering Committee. The full presentation can be found in *Annex 9*.

96.　Ms. Therese Ballard (UNOPS) gave a brief update on the recruitment of the new Project Manager for the UNGM. UNOPS has worked closely with the UNGM SC on this, including developing a risk mitigation plan. Interviews are currently taking place for the position. In order to ensure a smooth transition, Mr. Niels Ramm (UNOPS) will spend at least 3 months handing responsibilities over to the incumbent. In addition, having Ms. Susan Struck (UNOPS), with her experience and knowledge of the HLCM PN and the UNGM, on the team will further ensure a seamless transition to the new staff member.

97.　The UNGM SC Chair explained that it has been a difficult period having first lost Ms. Claire Thiebault (UNOPS) and now Mr. Niels Ramm (UNOPS), but is confident that the plan put together with UNOPS will help to mitigate the risks.

98.　The UNGM SC Chair thanked Ms. Susan Struck (UNOPS) and Mr. Sandro Luzzietti (IFAD) for the support in drafting the documents to be presented in the UNGM Briefing.

UNGM Briefing

99.   As part of the briefing, the *UNGM Operational Report* for 2012 (*Annex 10*) was presented, which included an update on ICT developments and the situation of the UNGM Secretariat and its sustainability in the long-term.

100.   Over the years the strategic role of the UNGM has increased and, in turn, scope has expanded and expectations for new functionalities increased. The Vendor Registration Reform (VRR), which is currently underway, is further expected to increase UNGM usage. Despite the resulting increase in workload, the staffing of the UNGM Secretariat is more or less the same as it was in 2004 and the structure is nearing the limit of its capacity.

101.   The briefing continued with the *UNGM Finance Post Factum Review* for 2012 (*Annex 11*), which revealed a shortfall of USD 17,575 due to the revenue from Tender Alert Service (TAS) subscriptions falling short of the target.

102.   It was proposed that funds in the UNGM Reserve Fund (USD 40,473.69) be used to cover this shortfall.

103.   The *UNGM Rolling Budget* for 2013-2014 (*Annex 12*) was presented, which included an overview of the projected costs and income for the period. Notably, the 2013 budget has been reduced by 13% due to changes in contractual modalities of staff, despite additional staff on Helpdesk and development support post-VRR.

104.   Finally, the UNGM Development Plan for 2013 was outlined briefly, which includes the VRR (due to conclude in November 2013), implementation of UN/PD's SOWs relating to UMOJA and on-going UNSPSC maintenance. Activities beyond that are likely to be based on the outcome of the VRR and will be presented at the next PN session in September.

Reserve Fund

105.   Text, reviewed by the UNGM SC, was proposed describing the Reserve Fund, which was agreed to in principle at the PN session in Amman, and is to be included in the UNGM Operating Modalities under 6.5.

PN Comments

106.   Further to some enquiries, the UNGM SC Chair confirmed that the Rolling Budget 2013-2014 aims to be cost neutral and therefore the annual membership fee will remain at USD 5,000 per UNGM member.

107.   UNOPS would like to see the Reserve Fund grow, but in order for this to happen TAS subscriptions rates would need to increase. Unfortunately feedback indicates that subscribers are not getting enough value from their subscriptions. To turn this around UN Agencies should

ensure that they are posting all their procurement notices on the UNGM, on a timely basis, and that the correct UNSPSC codes are used so that the appropriate vendors are receiving the notifications. Currently the UNGM Secretariat spends a lot of time 'cleaning' the notices that are posted and ensuring that the coding is accurate.

108. UNDP sees a need for more clarity on the value-add of the TAS and how it is marketed to suppliers.

109. UN/PD also highlighted the need for a new business model that would make the TAS more attractive. Vendors can access procurement notices for free by visiting the Organisations' websites, so the incentive is not always there to sign-up for the alert service.

110. The UNGM SC Chair also pointed out that UN Development Business is charging a high subscription rate for accessing tender notices and having this service goes against the notion of the UN functioning as one. He encourages an open dialogue on this type of issue to order to come up with some new ideas.

111. UNOPS stated that the UNGM has great potential, and opportunities for improving the system and increasing revenue should be explored, e.g. allowing vendors to advertise their products on the UNGM. UNOPS welcomes any other ideas and invited PN members to contribute by email.

112. The UNGM SC Chair suggested that such ideas as the auto-renewal of TAS subscriptions, multi-year TAS membership, and sponsorship by the International Chamber of Commerce etc. are re-visited as potential means of increasing UNGM funds.

113. UN/PD enquired as to whether a Service Level Agreement (SLA) has been signed with UNOPS at the time it took over the administration of the UNGM.

114. The UNGM SC Chair informed that there is no SLA but the UNGM Operating Modalities clearly define the respective responsibilities. He invited UN/PD to identify any gaps that exist, which can then be considered for inclusion as an addendum. However, since the Operating Modalities are not signed by anyone they are unlikely to be legally binding.

115. There was a discussion about the cost-sharing model, should contributions be required later to cover any shortfall of income from the TAS.

116. Based on the current model, costs would to be distributed based on the number of vendors registering with the Agency in the UNGM. UNDP would prefer a distribution model based on usage of the UNGM. The UNGM SC Chair informed that this was the model previously, but the membership was not happy with it either.

117. ITU pointed out that the estimated income for the TAS is very conservative and a scenario of UNGM members having to cover a large proportion of the costs is unlikely. However, it recognises the need for a sustainable cost-sharing model and suggested it is discussed further.

118. The PN Chair pointed out that only 21 PN members are members of the UNGM. She encouraged those who are not yet members to join, since the intention is to have only one UN portal for vendor registration.

119. The PN Chair thanked the UNGM SC Chair, Ms. Susan Struck (UNOPS) and Mr. Sandro Luzzietti (IFAD) for all the work that went into compiling the documents for this session.

120. It was agreed that the WG should report back to the PN at the next meeting with a proposal for a new business model and financing modalities for the UNGM.

121. **Endorsement:** (i) The PN approved the UNGM Finance Post Factum Review for 2012 and agreed that the Reserve Fund should cover the shortfall of USD 17,575. (ii) The PN approved the UNGM Rolling Budget for 2013-2014. (iii) The PN agreed that the UNGM Operating Modalities should be amended with the following text concerning the Reserve Fund:

    6.5 A Reserve Fund (hereafter "RF") is established to cover a shortfall in any given calendar year between revenue and operating costs.

    The RF comprises any positive net balance of revenue less costs from previous and current calendar years less any amount taken out to cover a shortfall in any given calendar year.

    In the situation where the balance of the RF exceeds US$ 50,000, the UNGM Steering Committee may decide to use any Excess of the RF beyond US$ 50,000 to finance other UNGM activities in accordance with Paragraph [3.7(i)] above.

VIII. UNGM VENDOR REGISTRATION REFORM PROJECT

122. This session was presented by the Project Coordinator, Mr. Kiyohiro Mitsui (UN/PD). The full presentation can be found in *Annex 13*.

123. The presentation included a brief history and description of the Vendor Registration Reform (VRR) Project, which has a timeframe of 12 months from the time it commenced (24 October 2012).

124. The Project Steering Team (10 members) meets on a monthly to review the activities of the Project Implementation Team (UNOPS/UNGM). Activities completed to date include:

    - Recruitment of ICT Team Lead and ICT Developers
    - Review of the backend system architecture and technology
    - Review of the database structure and data layer
    - Creation of wireframes to demonstrate the new registration process
    - A technology review

125. Other activities over the coming weeks include:

    - Refinement of the technical specifications
    - Drafting the project implementation plan
    - Refinement of the wireframes
    - Updating the technology
    - Reviewing the new look & feel of the UNGM portal
    - Signing-off the technical specifications and overall sprint planning

126. Finally, information was provided on the other activities that are underway in relation to the project: (i) UN/PD will issue an RFP for business information services in due course. This RFP will include an option, which may be used by UNGM to acquire a simple rating of vendors through the selected business information service provider, and (ii) Product-Specific Qualification, i.e. to identify specific products, and then, in collaboration with the Agencies specialising in procuring the items, determine what information should be provided to suppliers registering in the UNGM for those UNSPSC codes.

PN Comments

127. UNAIDS enquired about the possibility of the wireframes being shared with the wider PN so as to allow others to follow progress.

128. The Project Coordinator agreed to do this and also informed of a new UNGM blog[4] that has been launched in connection with the project in order to allow people to stay up to date with developments.

129. WIPO enquired about how the agreed bi-annual report to the HBP SC was going to take place and was advised that UNOPS would be providing the project-related input and the report would then be provided by UN/PD as described in the Memorandum of Agreement.

130. The PN Chairperson thanked the Project Coordinator for the update and looks forward to the further development of the project, as well as the outcome of the RFP for Business Information Services being undertaken by UN/PD.

IX.   HLCM STRATEGIC PLAN AND UPDATE OF PN WORK PLANS

131. This session was presented by the PN Vice-Chairperson, Mr. Dietmar Plesse. The full presentation can be found in *Annex 14*.

132. The HLCM held a retreat in Turin on 14-15 January 2013, to discuss the HLCM's Strategic Plan and the Committee's working modalities.

133. The HLCM Strategic Plan shall be based on the Secretary General's five year action agenda of 25 January 2012 and the General Assembly Resolution on 'Operational activities for development: quadrennial comprehensive policy review of operational activities for development of the United Nations' (QCPR).

134. A preparatory 'non-paper', which emerged from consultations with some HLCM members, established five priority issues that would be the focus of the Strategic Plan. Further to the discussions during the retreat, the five priority areas were defined as follows:

A. Attract and retain talent
B. Redesign and innovate UN business models
C. Support Delivering as One
D. Accountability, oversight and risk management;
E. Measuring & communicating results

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[4] https://blog.ungm.org/

135. The main areas where the PN would be affected would be B, where the expansion of the scope and commodities for common procurement is being called for, and C, whereby in enabling the successful implementation of Standard Operating Procedures, LTA bottlenecks should be eliminated, common procurement teams created and common review committees established – many of these points are already in line with the outcomes of the PN's Strategic Forward Planning session that took place in Montreal in September 2012.

136. The main concern for the PN would be the very tight deadlines being called for in these areas, and the expectation to collaborate with the Legal Network, which is not a network established under the framework of the HLCM.

137. The future working methods of the HLCM were also discussed at the retreat, and it was proposed that: HLCM Sessions shall devote at least a half-day to comprehensive discussions on a single thematic topic of common interest; joint work could be done under an opt-in/opt-out approach (where initially a small group of members interested in advancing a particular topic would conduct groundwork to prepare for a discussion, thus abandoning the principle of consensus); the HLCM's agenda would not include reports from the Networks *per se*, rather the Networks would contribute their input, were relevant, in the context of the discussion under the substantive thematic agenda items.

138. Finally, it is proposed that the HLCM Strategic Plan guides the HLCM Networks' activities and a 'New accountability framework' would empower the Networks to take decisions on behalf of the Committee. However, the PN Chairperson had the impression that the latter was unlikely to come into effect in the near future.

139. The HLCM Strategic Plan is still in draft format. It is expected that once it is approved, the processes of interaction between the HLCM and the Networks will be clearer.

PN Comments

140. Although the PN has been successful in demonstrating results until now, the demanding timelines in the draft Strategic Plan are of grave concern, and given the lack of resources faced by everyone, could be very challenging to meet.

141. In terms of supporting Delivering as One, concerns were expressed about cooperation with UNDG. While UNDG appears to have a very ambitious approach, there has been a very low level of consultation from their side and lack of interest in joining PN meetings, despite repeated invitations. The Outgoing Chairperson suggested the HLCM Secretariat being more involved in coordination of PN-UNDG collaboration.

142. If the HLCM agenda will no longer include reports from the Networks, UNDP is concerned that the PN will lose an important opportunity to leverage the HLCM in decision-making.

143. The PN Chairperson concluded by saying that the concerns discussed in this session will be raised with the HLCM at its meeting in March 2013. The PN was invited to provide any feedback on the draft Strategic Plan to the PN Vice-Chair by the beginning of the following week, in time for the next HLCM meeting.

X.   STRATEGIC FORWARD PLANNING FOLLOW-UP

144.   This follow-up session was presented by the PN Outgoing Chairperson, Mr. Vanja Ostojić (ILO). The full presentation can be found in *Annex 15*.

145.   The PN undertook its second Strategic Forward Planning (SFP) discussion during the PN session in Montreal in September 2012. The objective of which was to identify and prioritise strategic issues that would drive the work of the PN for the next 3-4 years, with the PN work plans being revised accordingly.

146.   The brainstorming session resulted in 45 topics being identified, and these where then prioritised and associated with a specific WG or as a separate project. The full overview can be found in *Annex 16*.

147.   Limited resources (both human and financial) are the main challenge to driving new initiatives forward. Creating new groups without sufficient turn-out and support from the membership would be a waste of scarce PN resources.

148.   The idea of partially re-structuring how the PN works today and creating a more over-arching Vendor Management WG that would deal with vendor-related issues/topics, such as, UNGM, Vendor Eligibility, and Vendor Access etc was identified. Mr. Sandro Luzzietti (IFAD) drafted a white paper on this concept that should be refined and discussed in more detail at the next PN session.

PN Comments

149.   UNDP expressed doubt about progress being made on additional priorities without necessary funding and resources to do so.

150.   UN/PD welcomed the more strategic approach to vendor related issues and volunteered to take part in those discussions.

151.   The PN Chair informed that there is only a limited amount remaining in the funds managed by the HBP SC and therefore the PN should be cautious about any additional requests. Nevertheless, the SFP exercise has been very useful, not least in terms of the possible restructuring of the vendor-related work.

152.   The PN Vice-Chair added that the PN should be cautious about relying on funding for future activities. Unfortunately the PN has been a victim of its own success in that savings predicted from, for example, collaborative activities, has led Donors to believe that these savings can be used to fund future projects and therefore additional funding should not be necessary.

153.   The Outgoing Chair underlined that this is only the first stage of discussions after Montreal. The next step should be for the WGs to examine the findings and incorporate them in the work plans. The PN should also wait to see what the outcome of the HLCM meeting in March will be and then decide on how to incorporate the HLCM's strategic plan into its work.

154.   It was agreed that a smaller group of volunteers would draft the Terms of Reference for a Vendor Management Working Group and present them at the next PN session for

endorsement. This Group would include the existing Supplier Access WG, UNGM and Vendor Eligibility Project. During the session, UN/PD, WIPO, IFAD and ILO expressed interest to be part of that group. Additional request for expression of interest will be sent after the meeting by the PN Secretariat.

155.   The PN Chair asked the WGs to review the SFP findings and update their work plans accordingly for the next PN session.

XI.   COLLABORATION WITH THE ICT NETWORK

156.   Further to the PN survey that was carried out and presented on ICT procurement at the last PN meeting, the PN Management Board initiated discussions with the ICT Network. In follow-up the PN then invited the ICT Network to participate in the PN meeting in Entebbe. Mr. Ken Herman, CEB Senior Advisor (UN), and Mr. Antoine Karam (UNODC) joined this session by video-conference.

157.   After a brief introduction by the CEB Advisor, Mr. Karam presented the results of a common costing and benchmarking study for ICT services, which included the deliverables and benefits of the project, the scope and approach, the results, and the sustainability/long-term strategic potential. The full presentation can be found in *Annex 17*.

158.   Prior to opening for discussion, the CEB Advisor described the results of a brief survey carried out among Agencies on the potential areas for procurement collaboration. The remarks noted that recent years have brought a higher level of inter-agency procurement activities, including a range of products and services, noting the VSAT and Cisco contracts as examples. However, there occasionally remained instances where some Agencies were finding it difficult to utilise LTAs negotiated by other Agencies.

159.   Finally, the CEB Advisor expressed appreciation for the PN's interest in collaborating in specific activities.

PN Comments

160.   UN/PD pointed out that it has many LTAs that could be leveraged by UN Organisations e.g. a global LTA with Lenovo for desktop and laptop computers - the agreement was benchmarked last year and is very competitive. Likewise, UN/PD has a software licence agreement with Microsoft that is also open for others to use.

161.   While most agencies are benefitting from the global agreement with Microsoft, the CEB Advisor said he would investigate what might be preventing Agencies from leveraging the Lenovo contract. He suspects that at the country level it is still more beneficial for offices to buy locally, and at HQ level internal issues could be preventing Agencies from using the LTA.

162.   UNDP enquired about the USD 300 million potential savings that has been mentioned by the ICT Network and how the figure was reached, and whether it might be possible to identify some areas where savings could be gained in addition to those already identified, such as VSAT, licenses etc.

163. The CEB Advisor explained that a data communication study carried out in 2010 revealed the potential for USD 300 million in savings over 10 years in the area of data communications services with an investment of approximately USD 25 million. As that level of investment funding is not generally available, the ICT has submitted a proposal for funding from the HBP SC, in order to deploy a solution in a few pilot countries.

164. The CEB Advisor mentioned that rather than specific products, such as laptops, desktops, servers, etc., that future purchasing in ICT is likely to focus on services, such as hosting and monitoring, especially as agencies begin to examine cloud-based services. In addition, database licensing, firewall services and other smaller services/software products are areas for potential savings gains.

165. WFP explained that, to address current issues whereby Agencies cannot use the contract of another Agency, the PN is working on harmonising the General Terms and Conditions so that Agencies can accept the result of another Agency's tender process.

166. ITU added that it is not the procurement departments that are preventing Agencies from sharing LTAs, it is the rules we are bound by. Ultimately, the PN, like the ICT Network, is interested in operating more efficiently.

167. The PN Chair thanked Mr. Herman and Mr. Karam for joining the PN session. She pointed out that enhanced communication between the two Networks could result in a better understanding of the constraints faced by procurement departments. Additionally, the PN would appreciate understanding the specific ICT products (hardware and software) and services the ICT community is moving towards as standards so that the PN could perhaps undertake a joint procurement exercise that would leverage the consolidated needs identified by the ICT Network. It would also be helpful if the ICT Network could advise what some of the key local service requirements for equipment contracts (e.g. for laptops etc.) might be so that contracts that would also benefit offices in the field could be put in place.

XII.   COLLABORATIVE PROCUREMENT OF VEHICLES PROJECT

168. The Coordinator of the Project, Mr. Dominic Grace (UNDP) co-presented this session with the consultant, Ms. Katherine Vigneau, who has been hired as Project Leader. The project is also supported by a Working Group (WG). The full presentation can be found in *Annex 18*.

169. The project background and its three phases were outlined:

- Phase I - Data gathering and feasibility study (6 months)
- Phase II - Development of consolidated vehicle procurement framework (6 months)
- Phase III - Implementation of the framework (6 months)

170. The project is currently approaching the end of Phase I, the methodology for which was presented.

171. It has been very challenging gathering the required data, however, the interviews and Request for Information undertaken in Phase I resulted in findings (opportunities and challenges) in 8

key areas: purchasing and acquisition (life cycle), remarketing, fleet utilisation, maintenance, fleet information systems, ancillaries, insurance and operating environments.

172. A summary was provided of the discussion held at the WG meeting held in Geneva on 17-18 December where 25 people attended and 15 Agencies were represented.

173. The WG agreed that common LTAs should be used and the following vehicle types should have common specifications: SUVs (medium & heavy duty), pick-ups (single & double cab), sedans (general & representational), vans and minibuses. It was also agreed that there would need to be exceptions to common LTAs and likewise there would be country-specific exceptions.

174. An overview of UN fleet inventory was presented and the estimated annual spend for UNDP, UN/PD and UNHCR who together account for 50% of the vehicle volume.

175. The next steps will be to wrap-up Phase I, begin configuring common specifications, work further on estimating cost-savings and determining the feasibility of progressing to Phase III of the project.

176. The Project Coordinator thanked the Agencies for the time-consuming efforts spent on supplying the data for Phase I.

177. Following the presentation, the Project Coordinator underlined that, despite the challenges in gathering the data, much progress has been made – much information has been gained on the volumes and types of vehicles being purchased, in identifying areas for savings and efficiencies, the LTAs that exist and how they differ.

178. The Project Coordinator also explained that the project is based on the 'opt-in' modality and has been driven by 18 Agencies in a very democratic process where everyone has provided input. He reinforced that the outcome of the project will not be forced on anyone, but the success of the project will be dependent on a large commitment and collaboration of efforts.

PN Comments

179. UNOPS expressed concerns about it having taken 5 months to gather the data and queried whether the project could be speeded up perhaps by moving some Phase III activities to Phase II.

180. The Project Coordinator explained that the data-gathering was time-consuming and difficult because the various ERP systems do not allow us to pull the level of data required and much of the raw data was misclassified. The project was estimated from the beginning to take 18 (3 x 6) months and, given the complex nature of it, is remarkably still on track.

181. UNRWA suggested factoring in that lifecycles are often longer that industry benchmarks because UN vehicles are tax-free and, therefore, there is often little return on releasing vehicles and they tend to be kept on the road for longer than they should. UNRWA also suggested adding armour vehicles to the priority list, not from a savings point of view, but rather due to security and safety issues. UNRWA is currently implementing a fleet management system and is optimistic about the savings it will generate. Finally, UNRWA mentioned that, although

UN/PD vehicles contracts can be complex, they offer the opportunity to tie suppliers to warranty terms linked to dealers in the country as well as training components and spare-parts elements.

182. UN/PD raised the question as to whether the costs of administering contracts had been factored in, and whether it would be possible to establish LTAs with a minimum order quantity (MOQ), as proposed by the WG. Normally a contract is not valid without MOQ, unless the contract with the supplier is exclusive.

183. The Project Coordinator responded that there is no intention as yet to centralise vehicle ordering and therefore no administration support costs have been factored in.

184. The Project Coordinator proposed that a legal expert review the point raised regarding the MOQ. It is foreseen that a legal advisor will be involved in the activities of Phase II who can therefore address issues such as this one.

185. IMF commended the WG on the progress made to date and is very comfortable with the process so far. Procuring vehicles is often problematic for smaller Agencies due to low volume, so this project will be of great benefit to them. Delivery times were highlighted as an important aspect to bear in mind.

186. UNFPA queried why UNOPS with its mandate would not automatically be chosen to manage vehicle procurement for the UN System. UNFPA finds the UNOPS handling fee acceptable as it saves them the efforts involved and allows UNFPA to focus on its mandate. UNFPA believes that if UNOPS could manage a much larger procurement volume of vehicles they would be able to shape market and increase value for money, which would make the fee charging more justifiable.

187. The Project Coordinator explained that this is a topic surrounded by a lot of politics and history. The focus at this point in the project has deliberately not been on who should end up leading vehicle procurement as it tends to distract from the aim of the project. Instead, these issues will be addressed in Phase III, which has deliberately been left open. Phase III may lead to many different areas aside from procurement where savings can be made, e.g., spare parts supply chain, driver training, satellite tracking etc.

188. UN/PD questioned whether UNOPS in fact does have the mandate. UN/PD supports the project and anticipates some creative ideas coming out of Phase III, but does not want to be bound to anything until the full picture is apparent. It also agrees that the project should follow the agreed phases and timelines and not be rushed through.

189. WFP urged the PN to let the WG do its work. All the signs have been positive so far and WFP looks forward to the results.

190. UNOPS added that as a group of professionals the PN should be able to openly discuss all issues, and work collaboratively to help one another. Results can be even better if the initiative is supported by everyone. UNOPS agrees that there is history and politics at play, but this is a new beginning and the PN has the ability to change, work collectively and improve the system. UNOPS has a mandate as a central resource in procurement, but this is not exclusive. UNOPS would like the project to be strategic and focus on greater efficiency, e.g. there is potential for

reducing some of the overhead costs associated with maintaining the UNOPS Webbuy system by transferring some of this work over to suppliers.

191.   FAO suspects that unless the big manufacturers can be approached with real leverage there are not going to be big discounts gained.

192.   UNOPS believes that it will be very challenging trying to standardise the vehicles the UN is buying as it risks the disapproval of Member States whose manufacturers may not be included.

193.   The Project Coordinator agreed that standardisation may be difficult, but hopes that when a core set of vehicles is presented that logic and rationale will prevail.

194.   The Project Coordinator suggested that some Agencies might like to try out WFP's very successful self-insurance scheme in a few countries to see if it would be an option for them. UNRWA asked WFP if it could share its documentation on the scheme.

195.   The PN Chair thanked the Project Coordinator and the WG for progress made to date, and the PN for the open and frank discussion. The WG will continue to drive the project forward and present its results to the PN who will take any necessary decisions on items presented.

XIII.   TERMINOLOGY AND METHODOLOGY FOR DETERMINING BENEFITS

196.   This session was presented by the PN Chair, Ms. Boi-Lan Lemoine (UNOG). The full presentation and supporting paper can be found in *Annex 19*.

197.   It was agreed at the PN session in Montreal that an intern would be recruited to support the work in this area. This is however proving to take some time and is still in progress.

198.   It was also agreed that a review of current definitions and methodologies used by Organisations for determining benefits would be undertaken - a survey has already been developed on this and will be shared in due course.

199.   The PN further agreed to a review of best practices used by the public and private sectors to show value of procurement. The PN Chair has carried out some research into this and the results to date formed the basis of the presentation by looking at what is being measured by the public and private sector, i.e., cost savings (through P&L statements) and cost avoidance (in terms of procurement value).

PN Comments

200.   The World Bank pointed out that when defining savings it is important to have a sound budgeting process. In terms of value measurement, this can be defined in many ways, e.g. value in collaboration, market intelligence, negotiations, supplier management etc.

201.   WFP appreciated the work done to date in this area which is extremely useful in light of the demands being made on the Common Procurement Team in Rome (and similarly in Geneva) to address these issues. WFP is willing to support the PN Chair and her team in reviewing research etc. as and when necessary, in moving forward.

202. UN/PD highlighted a recent trend at the Secretariat were bids are rejected by its review committee on the basis that negotiations should be entered into with vendors. The difference in price is then compared and recorded as a cost saving. However, where the savings could and should be made is at the beginning of the procurement process by developing accurate specifications and through proper sourcing, since the potential for savings is much larger during this early stage of the process. This can however be more difficult to measure.

203. The PN Chair concluded by reminding the PN that procurement has to add value and this needs to be demonstrated with figures. The PN should clearly define what will be measured and how, so that it is ready to report back to the HLCM on savings. As a next step, the PN Chair will launch the survey and the results will be reported at the next PN meeting.

XIV.   WORKING GROUP ON SUPPLIER ACCESS

204. This session was presented by Mr. Ard Venema (UN/PD), Chairperson of the Supplier Access Working Group. The full presentation can be found in *Annex 20*.

205. An update was provided on Business Seminar activity for 2011-2012, including various statistics and geographical outreach of events.

206. Notably, the number of events held in 2012 has risen by 13% compared to 2011 and the total number of vendors attending the events has increased by 39%. Approximately 75% are vendors from Developing Countries or Countries with Economies in Transition.

207. Further to discussions during the PN session in Montreal it was agreed that the Multi-Agency Business Seminar Policy should be amended concerning UN participation in 'Aid and Development' commercial events. Currently the policy states that:

"All UN Business Seminars shall be organized on a "not-for-profit" basis through governmental agencies such as Departments of Trade and Industry, Chambers of Commerce, Export Councils, Permanent Missions to the United Nations, etc. The Members of the HLCM-Procurement Network shall not participate in Business Seminars or similar events, such as Trade Fairs or Exhibitions that are promoted and funded by "for-profit" commercial entities."

208. The Supplier Access WG subsequently reviewed the policy and, following various consultations, determined that a greater ddifferentiation needed to be made between Business Seminar events (these are organised by governments and/or chambers of commerce and are not-for-profit) and other events, such as Trade Fairs and Exhibitions, to allow for more flexibility. Agencies should have the possibility of deciding on a case-by-case basis to participate in Trade Fairs and Exhibitions, taking into consideration the interests and reputation of the Organisation.

PN Comments

209. UNHCR found it very beneficial to attend the latest AIDEX event in terms of the volume of vendors it got to meet, many of which were very innovative. Suppliers were also asking why other UN Organisations were not present. In addition, the presentation given by UNHCR was one of the highest attended at the event and gave rise to interesting discussions with

universities etc. This type of event could be a good opportunity for the UN to have a panel of speakers.

210.   UNDP added that these types of events allow UN staff to network and carry out market research into latest innovations etc.

211.   UNOPS attended Aid & Trade in Asia recently and gave a talk on transparency in procurement. There was a large audience consisting of UN staff, NGOs, vendors etc. and was very worthwhile. These types of events are good opportunities for networking, meeting new suppliers and getting exposure to a very rich set of educational speakers.

212.   WFP explained that the decision for procurement practitioners not to attend these types of events came about back in 2004-5 when Aid & Trade were only inviting UN Agencies to speak and charged companies huge amounts to attend. Today these events are no longer purely UN focused. There is a rich plethora of organisations, universities and companies attending.

213.   The PN in general supported the draft text for the policy document, and appreciated the flexibility it allowed, but suggested that the wording be simplified.

214.   FAO queried whether UN participation in Business Seminars had any impact and if this could be tracked. Attending the seminars requires a lot of time and effort from the limited resources FAO has, and it generally does not result in any new suppliers. However, there is often pressure to attend for political reasons.

215.   The WG Chairperson responded that there are KPIs for measuring the impact. This information needs to be extracted from the UNGM, and given the current workload/resourcing of the UNGM Secretariat; the data could not be presented at this meeting. It is hoped that the process for extracting the data can be simplified in the near future, and the statistics presented at the next PN meeting. The political impact is more difficult to quantify, but should by no means be underestimated. The WG Chair mentioned that at the Business Seminar held in Kampala the previous day, there was a member of the Fifth Committee in attendance who expressed her appreciation of the event and confirmed her support to the UN.

216.   UN/PD added that since the UN started having Business Seminars in Africa there has been a huge impact on the number of vendors registering on the UNGM and there are examples of vendors winning contracts. UN/PD recommends applying common sense and avoiding events that 'smell of money'.

217.   The PN Chair thanked the WG for the progress made and was pleased to see the increase in business seminar activity.

218.   **Endorsement:** The PN approved the following amended text for the Multi-Agency Business Seminar Policy:

*"All UN Business Seminars shall be organized on a "not-for-profit" basis through governmental agencies such as Departments of Trade and Industry, Chambers of Commerce, Export Councils, Permanent Missions to the United Nations, etc. The Members of the HLCM-Procurement Network shall not participate in Business Seminars that are promoted and funded by "for-profit" commercial entities. **Members of the HLCM-Procurement Network may**

> *individually decide to participate in other events, such as Trade Fairs or Exhibitions that are promoted and funded by "for-profit" commercial entities, if such participation is deemed in the <u>best</u> interest of the <u>respective Agency</u> and <u>has a positive impact on</u> the image and reputation of the United Nations."*

XV.   WORKING GROUP ON HARMONISATION

219.   This session was presented by the new Working Group Chairperson, Mr. Eric Dupont (UNFPA).

Harmonisation Project, Phase I

220.   On behalf of the former WG Chair, Ann Hasselbalch (UNICEF), the new WG Chair gave an update on the closing activities of Phase I as well as a status on the budget and the project evaluation. The full presentation can be found in *Annex 21*.

221.   The following activities have been undertaken in order to close Phase I of the project:

- The modalities of 'Common UN Procurement at the Country Level' have been published on the UNGM.

- The Procurement Practitioner's Handbook (PPH) website has also been launched on the UNGM.

- Both of the above can be downloaded in PDF, e-book and as an App for Android mobile devices. (The iOS App is currently being reviewed and should be available on the iTunes App Store within a few weeks).

- The modalities of 'Common UN Procurement at the Country Level' have been translated into French and Spanish. The former is currently being edited and the latter is under review.

- In addition to the above publications, the Harmonisation page on the UNGM has been updated to include all of the other outputs of Phase I (Standardised Table of Contents for UN Procurement Manuals, Common UN Glossary of Terms, White Paper on UN Procurement Review Committees, etc.)

- UNICEF has transferred all electronic and hardcopy records from Phase I the new WG Chair.

222.   Now that the document 'Common UN Procurement at the Country Level' and the PPH have been published, WG members should undertake communication activities within their Organisations. To facilitate this, template communication material has been prepared.

223.   The budget for Phase I was presented and indicated a remaining balance of USD 167,236. Approval has been provided for the project funds to be kept open for the purpose of finalising any pending project transactions.

224. The methodology, scope and criteria for the project evaluation were presented as well as some examples from the evaluation report.

225. A consultant was engaged to undertake the evaluation task between October and December 2012. The first draft was received on 21 January 2013. Revisions were requested and a second draft is currently being reviewed and edited in-depth. Before the final release, the WG members may wish to review the evaluation report as well.

226. The PN may consider taking note of the 'lessons learned' and 'recommendations' in future projects, once the final evaluation report is released.

227. The WG Chair thanked all PN members who completed the survey and/or were interviewed as part of the evaluation process.

228. Finally, the WG Chair highlighted the following quote from the Quadrennial Comprehensive Policy Review[5]:

156. Recognizes that more cost-effective, efficient and harmonized procurement practices can help to achieve greater effectiveness and better results, and encourages the United Nations development system to consider options for greater collaboration in procurement at the country, regional and global levels,……….

……….and to make full use of the existing long-term agreements, develop new ones <u>and implement the guidelines on common procurement at the country level.</u>

Harmonisation Project, Phase II

229. The WG Chair provided a briefing on Phase II activities. The full presentation can be found in *Annex 22*.

230. Pending the transfer of the project funding, recruitment of a Project Manager and Project Assistant has been conducted.

231. Phase II will have a 12 month duration and is expected to start around May 2013.

232. The four main activities of Phase II will be as follows:

- Scale-up of roll-out of the modalities of 'Common UN Procurement at the Country Level'.
- Revision of the Procurement Practitioner's Handbook.
- Assessment of the feasibility of harmonising standard solicitation documents, model contract templates and General Terms & Conditions.
- Follow-up on the implementation of decisions taken during Phase I of the project.

233. The outputs for each of the above activities were presented as well as the risks associated with Phase II, namely; UN Organisations not providing internal support (lack of participation in

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[5] QCPR [A/Res/67/226 – paragraph 156]

WG meetings, workshops, etc.) or no buy-in to develop and implement harmonised documents; identifying a Project Manager who can effectively build relationships with multiple stakeholders and UN Organisations; and lack of interest/demand from Country Offices for the workshops on UN cooperation in procurement.

PN Comments

234. ILO enquired as to the status of the Supplier Conduct of Conduct (SCoC), which has been amended by ILO in order to address certain provisions relating to labour conventions and then submitted to UN/PD for review by the Office of Legal Affairs (OLA).

235. UN/PD responded that the review of the SCoC by OLA was still pending due to workload, but would be expedited as soon as possible.

236. ILO underlined the importance of harmonizing the SCoC and re-confirmed its availability to work with UN/PD and OLA on the document. It has been agreed to present the revised text of SCoC during the fall 2013 session for PN decision.

237. The WG Chair proposed that the Harmonisation WG continues with the similar meeting format as Phase I by having bi-weekly teleconferences.

238. It was clarified that the remaining 'loose ends' of Phase I will be managed under the leadership of the new WG Chair.

239. FAO congratulated the WG on a successful Phase I of the project and is extremely positive about what has been accomplished considering the scale of the work.

240. The WG Chair added that the achievements are a reflection of what can be accomplished with funding and the right resources.

241. The PN Chair commended the achievements of WG and the Project Team. She highlighted the Harmonisation Project, Phase I as a PN 'flagship' project, which has received much attention from top management and Donors alike. She is looking forward to Phase II progressing at a continued high pace under the leadership of the new WG Chair.

XVI. ANNUAL STATISTICAL REPORT ON UN PROCUREMENT: AUTOMATION OF DATA COLLECTION

242. This session was presented by Ms. Therese Ballard (UNOPS). The full presentation can be found in *Annex 23*.

243. The Annual Statistical Report (ASR) on UN Procurement is a valuable resource to the UN community, partner governments and the wider business community. Currently, it takes approximately five months to obtain and process the data required for the compilation of the ASR, since this process is primarily manual, and often publication is delayed up to eight months into a year. Therefore, a proposal has been drafted for the partial automation of the data collection for the ASR.

244. The objectives of the project are:

- To provide as much as possible current, procurement-related information through the ASR.
- To reduce, simplify and automate the data collection and compilation process for the ASR.

245. The benefits are expected to be faster reporting cycles, reduced administrative costs for all PN members, increased data integrity, increased transparency and credibility, and increased availability of procurement related information from the UN

246. It is proposed that the project is split into two phases: (i) technological feasibility (2 months, and (ii) implementation (6 months). Based on the findings of Phase I, the PN would decide whether or not to proceed to Phase II.

247. The expected activities and outputs for the two phases were outlined as well as the budget. The total cost is estimated at USD 112,980.

248. It is proposed that UNOPS will lead the project with the support of IT and procurement focal points from PN Organisations.

PN Comments

249. UN/PD expressed concerns about UNOPS potentially establishing interfaces with the respective ERPs of UN Organisations in order to extract data. Not only would UN/PD not be in a position to do this at present, but it would be costly and there would be security issues associated with it. Instead, it would be preferable if UN Organisations provided UNOPS with the raw data (in a specified format), and then UNOPS transforms the data for reporting.

250. UNOPS reassured that the intention at this stage was to do the latter and to try and relieve the burden on Organisations as much as possible. Any linking with ERPs would be much further in the future and if pursued, security aspects would have to be taken into consideration.

251. UN/PD supported UNOPS managing the data collection, but would like a say in how this is undertaken. It urged that Phase I of the project have as wide an approach as possible in order to keep the options for facilitating data collection open, and that the project proposal is amended to reflect the risks that are involved.

252. UNRWA suggested that efforts should be made to make the UN procurement data more comprehensive i.e. those not reporting data at present should be urged to do so.

253. UNDP pointed out that the first step should be for Organisations to improve data quality. UNSPSC has helped with data accuracy, but it is still a challenge nonetheless to cleanse data. Once this fundamental business problem has been addressed, the IT solution should be very straight-forward.

254. UNDP suggested that the costs for Phases I & II be presented separately in the project proposal.

255. UNAIDS and UNICEF raised concerns about the possibility of IT costs involved turning out to be much greater than expected.

256. UNOPS responded that the benefit of the project being split into two phases was that the first (inexpensive) phase would give an understanding of all the details and implications. Upon completion of Phase I the decision would be taken on whether or not to proceed to the next stage.

257. IAEA was concerned about the amount of time and effort that might be required from the UN Organisations in completing the project, to which UNOPS replied that it would endeavour to minise this as much as possible.

258. The PN Chair brought to the attention of the PN the fact that there is a dwindling window of opportunity to seek funding for this project. There is less than USD 2 million remaining in the funds managed by the HBP Steering Committee and these funds must be allocated prior to year-end 2013.

259. **Endorsement:** The PN endorsed the proposal on 'Automation of data collection for the Annual Statistical Report on UN Procurement' in principle and requested the PN Chair to coordinate a unanimously agreed revision of the project proposal in order to submit it to the HBP Steering Committee to request funding as soon as possible.

XVII. SHOW AND TELL: WORKING WITH ICC

260. This topic was presented by Mr. Simon Jones, Director, International Computing Centre (ICC). The full presentation can be found in *Annex 25*.

261. The mission of ICC is to provide ICT services to the UN family and to maximise the sharing of infrastructure, systems and skills to generate economies of scale to the benefit of ICC partners.

262. ICC was created by a General Assembly Resolution in 1970 and initially provided services to the UN Secretariat, UNDP and WHO for mainframe processing and basic data communications. Today, ICC is the largest ICT service provider in the UN System.

263. The presentation explained that ICC does business by Mandate, Memorandum of Understanding (MOU) and Service Delivery Agreement (SDA), and it is governed by a Management Committee, Advisory Group and Director.

264. Although ICC prefers not to be compared to commercial vendors, the key differences were outlined as the following:

- Cost recovery, not-for-profit
- No sales operation
- Prices set by Management Committee
- Privileges and Immunities
- UN System staff
- Mandate/MOU/SDA rather than contracts
- Investigations

265. Moving forward, ICC is trying to offer the same as what the market is offering and position itself in order to be competitive.

266.   Finally, a case study on how ICC has provided services to WIPO to meet a business need was presented, and how ICC's contribution benefitted WIPO.

PN Comments

267.   PAHO enquired as to how ICC can remain competitive with the market and how it would continue or offer services such as mainframe services, which only a few Organisations still require.

268.   ICC responded that it is competitive because its corporate overheads are low; it operates on a not-for-profit basis, and does not pay tax. The UN Pension Fund and PAHO are the only Organisations left who require mainframe services. The former is gradually scaling back, so PAHO will find it increasingly uneconomical to continue requiring these services.

269.   UNOPS asked whether ICC receives core funding and in terms of Cloud services, whether ICC offers a standardised approach to placing data on a Cloud.

270.   ICC replied that it does not have core funding. As for Cloud technology, this will be a large part of the agenda at the next ICT Network meeting.

271.   ITU remarked that it would be a good opportunity for ICC to remind colleagues on the ICT Network that before making any decisions on Cloud technology input should be sought from a legal perspective.

272.   WIPO enquired about the possibility of ICC making framework agreements with IT service providers /consultants available for common use as this would save UN Organisations a lot of time when having to engage such a service.

273.   ICC agreed that there is scope to make more use of these types of framework contracts and, although it would probably not benefit ICC as such, it is open to discuss it further with those interested.

274.   The PN Vice-Chair thanked Mr. Jones for joining the PN meeting and for the informative presentation.

XVIII. SHOW AND TELL: MOVING FROM TRANSACTIONAL BASED PROCUREMENT TO A SUPPLY CHAIN SYSTEM – THE UNFPA CASE

275.   This session was presented by Ms. Ingegerd Nordin, Procurement & Supply Coordinator (UNFPA). The full presentation can be found in *Annex 26*.

276.   Until 2012 procurement of contraceptives in UNFPA was typically a series of transactional events, with each purchase treated as a separate activity, with insufficient connection to national health strategy and patient needs.

277.   The result of this approach was that UNFPA was paying a premium for commodities, emergency ordering meant money was being wasted on rush fees and high freight costs, and inadequate inventory control meant valuable commodities were being wasted due to expiry, improper storage, and theft. All of which leads to running out of stock.

278. There was strong commitment from senior management to address the issue and the decision was taken to move towards a supply chain approach, through an integrated Supply Chain Management System.

279. In order to accomplish this, and to address the key challenges UNFPA was facing, the three levels of the Supply Chain needed to be considered:

(i) Upstream – supplier relationship management
(ii) Midstream – integrated business planning
(iii) Downstream – national counterparts

280. The presentation described what was required to address each of the above levels.

PN Comments

281. UNFPA welcomed PN members who face similar supply chain challenges as UNFPA to provide input and advice on how they are approaching it.

282. UNICEF referred to its Show & Tell session on Influencing Markets at the last PN meeting, and explained that it works closely with both manufacturers and programmes in managing its processes. It also includes non-procurement staff across the regions in training sessions, thus facilitating information sharing and understanding of needs.

283. UNDP highlighted planning, logistics, IT infrastructure and corruption as some of the key challenges it faces with its two critical product areas (pharmaceuticals & elections). UNDP would welcome further discussions with UNFPA and others to explore ways of partnering.

284. UNRWA agreed that planning and a detailed analysis of all of the steps in the supply chain are key. The contract with suppliers can then be built around that analysis.

285. UNRWA suggested that UNFPA could explore the possibility of leasing medical equipment as this can defray some of the up-front capital costs, maintenance etc.

286. UNDP, UNHCR and WFP expressed interest in collaborating on the bar-coding technology. WFP already works extensively with cell phone technology and offered to discuss this further with UNFPA if interested.

287. UNHCR also expressed interest in the mobile technology.

288. The PN Vice-Chair thanked UNFPA for the informative presentation which was very relevant for many of the UN Organisations, in particular Funds & Programmes, who face similar challenges.

XIX. SHOW AND TELL: CONTRACT FOR CUSTOMER RELATIONSHIP MANAGEMENT SOFTWARE (ITU)

289. This topic was presented by Mr. Dietmar Plesse (ITU). The full presentation can be found in *Annex 27*.

290. After a lengthy process, ITU signed a contract with SAP Switzerland AG for Customer Relationship Management (CRM) software in January 2013. The overall project budget for CRM implementation is 2.9 million CHF.

291. A total of 58 UN or inter-governmental entities, termed as 'Affiliates of ITU', are entitled to benefit from the agreement with ITU. The list can be amended on an on-going basis to allow for new UN entities.

292. In terms of confidentiality, the agreement allows for information except for pricing and percentage amounts of liability limitation to be shared with all Affiliates.

293. The license Terms and Conditions for Event Management allow all Affiliates to avail of the Event Management module either through ITU offering the services or by ITU sharing the software.

294. ITU shared a number of 'lessons learned' from the process and these are as follows:

- Management is encouraged to allow appropriate time for contract negotiations.
- Contract negotiators are encouraged to explore other factors than market power.
- Member Organisations are encouraged to negotiate contracts/agreements taking into consideration the need for information sharing among the entire UN System.

PN Comments

295. The World Bank had a technical question regarding whether the CRM was being used across multiple touch points. ITU welcomed the World Bank to make bi-lateral contact on this for further discussion.

296. The PN Chair thanked ITU for the presentation, which contained information the PN can benefit from.

XX. SHOW AND TELL: IMPORT AND EXPORT PROHIBITIONS AND RESTRICTIONS – OFFICE OF LEGAL AFFAIRS

297. Mr. Jay Pozenel and Ms. Jun Lee from the General legal Division of the Office of Legal Affairs (OLA) presented this session by video-conference. A Briefing Note from the session can be found in *Annex 28*.

298. The representatives from OLA outlined the following import and export prohibitions and restrictions that apply to UN Organisations. The full details of which can be found in *Annex 29*.

299. The Charter of the United Nations provides that, "the Organization shall enjoy in the territory of its members such legal capacity as may be necessary for the exercise of its functions and fulfilment of its purposes."

300. In order to further delineate the requirements of the Charter, the General Assembly adopted on 13 February 1946 the Convention on the Privileges and Immunities of the United Nations. The Convention provides that:

"The United Nations, its assets, income and other property shall be…exempt from customs duties and prohibitions and restrictions on imports and exports in respect of articles imported or exported by the United Nations for its official use. It is understood, however, that articles imported under such exemptions will not be sold in the country into which they were imported except under conditions agreed with the Government of that country…"

301. Based on the above, OLA takes the position with contractors that the UN is not subject to any export restrictions on items which the Organisation intends to use for its official purposes. However, contractors providing goods and services to the Organisation have asserted that, nevertheless, they must comply with export laws and regulations.

302. Despite the provisions of the Convention, the regulations and practices of certain Governments require the Organisation to obtain export licenses from the Government in respect of certain items to be exported for the Organisation's own use or in connection with projects funded or administered by the Organisation. In light of the Convention, the position of OLA is that the Government may not deny such a license where the items are intended to be used solely for the official purposes of the Organisation. Thus, although the Organisation is exempt from export restrictions, it does not necessarily follow that the Organisation is exempt from requirement to obtain export licenses for items to be exported for official purposes, so long as obtaining such license does not operate as a restriction on such exports.

303. In this regard, the practice has evolved in the Organisations' procurement activities that contractors and suppliers are required to obtain any required export licenses (and to bear the costs thereof). In the event that the Government issuing such export license delays the processing of such a request for a license or otherwise denies such a license, then the contractors may seek assistance from the Organisation, and the Organisation would liaise through the appropriate Mission to the UN in order to seek to resolve the matter.

PN Comments

304. UNDP has experienced challenges in exporting critical products to certain countries, in particular products from the U.S where the content is more than 10% U.S. manufactured components. Until now, UNDP has been circumventing this by pre-positioning goods in another location or by shipping by UN pouch. The concern is what the repercussions of these actions may be if the media decides to report on them and, in all likelihood, in disproportionate manner.

305. FAO has experienced the UK Government not permitting it to supply equipment that would be transferred to the Government of a sanctioned country.

306. OLA would argue that FAO should have been able to apply the privileges and immunities provision in this instance.

307. IAEA has not been successful in applying its privileges and immunities in order to obtain export licenses. Suppliers are often not willing to risk shipping to, for example, countries like Cuba in case it jeopardises their business with the U.S.

308. UNDP also raised an issue concerning the Office of Foreign Asset Control (OFAC) and restrictions in transferring US dollars to various banks in key countries where it operates.

309. OLA responded that legally speaking these restrictions should not apply. OFAC is part of the Department of Treasury, who understands the UN Convention. It is a question of approaching the right person in Government and have them understand the situation. On the other hand, similar to the experience of IAEA, the banks may be afraid of having sanctions imposed on them for doing business with the UN and would therefore need to get the appropriate assurance from Government.

310. The PN Chair enquired as to whether there was a log of issues that have been resolved and whether this information could be shared with the PN.

311. OLA replied that they did not have much information to share and have only been involved in a dozen or so cases over the past 4-5 years. Usually the process is one of an educational nature and ends up being resolved once the situation has been explained and the appropriate reassurances given.

312. The PN Vice-Chair thanked the representatives of OLA for the input provided during the session and expressed the hope of being able to revert to them for advice on an on-going basis as and when the need arises.

313. The OLA representatives confirmed that OLA is available for these types of important dialogues in the future.

314. The PN Chair added that this may well become relevant during Phase II of the Harmonisation Project where the feasibility of harmonising solicitation documents, contracts and the General Terms & Conditions will be explored.

315. OLA would be happy to advise and informed that it is already working with the Finance Network on the standardisation of banking documentation for banking services.

XXI. HLCM PN STATUTES – CHAPTER VI, FINANCING

316. This session was presented by the PN Vice-Chair, Mr. Dietmar Plesse (ITU). The full presentation can be found in *Annex 30*.

317. At the last PN meeting an ad-hoc discussion was initiated pertaining to the financing of the PN Secretariat position as outlined in Chapter VI, Financing, of the PN Statutes.

318. Until now, and in accordance with the Statutes, the PN Secretariat position has been financed by UNDP. The aim of this session was to present cost-sharing models for financing the position.

319. UNDP has proposed that it would continue to finance the salary of the PN Secretariat, but that the operational costs (approx. USD 40,000) should be shared across the PN. Therefore the following amended text for Chapter VI of the Statutes was proposed:

6.1 UNDP, from its own resources, shall employ and finance the cost of one Staff Member (G-7 level) to provide Secretariat functions to the HLCM PN. The Staff Member shall be employed in UNDP's Procurement Office in Copenhagen, Denmark. UNDP shall inform the HLCM PN, through the Chairperson at least 6 months in advance, should the financing of the function becomes untenable.

6.2 Member Organisations of HLCM PN shall contribute [an amount of USD 40,000] per calendar year to UNDP towards the general operating expenses associated with the functioning of the HLCM Secretariat, including travel costs of the UNDP Staff Member providing Secretariat functions to the Meetings organized by or on behalf of the HLCM PN.

320. Two potential cost-sharing models were presented: (i) based on procurement volume and (ii) based on number of staff.

PN Comments

321. WFP expressed appreciation for UNDP having fully financed the PN Secretariat position up until now and enquired as to how the Secretariat functions of the other HLCM Networks were financed.

322. The PN Vice-Chair explained that the other Secretariats were either part of the UN Secretariat in New York of the CEB Secretariat in Geneva, and that one of the reasons the PN is as efficient as it is owing to it having its own, independent Secretariat.

323. UN/PD was supportive of the cost-sharing concept, but the 'number of staff' and 'procurement volume' models would need to be clearly defined to indicate clearly what they encompass.

324. UNOPS expressed appreciation for the services and support that the PN Secretariat provides the group with and questioned why the HLCM was not being asked to fund the position.

325. UNRWA and UNICEF agreed that the HLCM should be asked to cover the costs, but otherwise were in favour of cost-sharing.

326. FAO said it was willing to pay a share and was concerned that the PN might lose some of its independence should the HLCM fund and manage the PN Secretariat position.

327. WIPO was in favour of sharing the costs and suggested that payments (stable amounts) could be made on a biennial basis.

328. WMO agreed to the sharing of costs, but may have difficulty paying for 2 years at a time.

329. UNHCR thanked UNDP for its contribution and agreed to the sharing of costs in principal.

330. The PN Vice-Chair pointed out that if the HLCM were to fund the PN Secretariat position they may well transfer it to the HLCM Secretariat and therefore the PN may not experience the same service it has today. This would undoubtedly also take a considerable length of time to implement.

331. The PN Outgoing Chair has witnessed over the years the scope of the PN Secretariat's work evolving to be more complex and comprehensive in nature. He agrees that the cost should be shared but the modalities should to be worked on further by the PN Management Board and presented at the next PN session. The Outgoing Chair also suggested the HLCM be approached again. While having a dedicated PN support within the HLCM Secretariat could be an option, there are definite advantages to having the PN Secretariat operating as it is today.

332. UNDP highlighted that it will continue to finance the large part of the costs associated with the post, and encouraged the PN to share the operational costs out of principle. Furthermore, the amount being discussed is small compared to what was discussed in 2010 at the PN meeting in Budapest. UNDP reminded that this issue has been raised at every PN meeting for the past many years and is now keen that the PN commits to the cost-sharing in principle and not delay this any further.

333. **Endorsement:** The PN endorsed the sharing of the operational costs of the PN Secretariat position in principle, and the PN Management Board was tasked with preparing a simple cost-sharing methodology for decision at the PN meeting in September.

XXII. JIU (DRAFT) REVIEW OF LONG TERM AGREEMENTS IN PROCUREMENT IN THE UN SYSTEM

334. This topic was presented by the PN Chair, Ms. Boi-Lan Lemoine (UNOG) and the PN Vice-Chair, Mr. Dietmar Plesse (ITU).

335. The objective of this review by the Joint Inspection Unit (JIU) was to evaluate the relevance, efficiency and effectiveness of the use of Long Term Agreements (LTAs) in the UN System. The draft review can be found in *Annex 31*.

336. The draft review includes five recommendations in total. Four of these recommendations are addressed to Heads of Organisations. Recommendation 5 is addressed to the legislative/ governing bodies of the Organisations. The PN is directly addressed in <u>Recommendation 4</u> below.

   The Secretary-General of the United Nations, as the Chairperson of the CEB, should speed up the work of the HLCM Procurement Network on harmonization of general terms and conditions of contracts, collaborative use of LTAs, and joint procurement of vehicles.

337. Although the draft review was not shared with the PN Management Board directly by the JIU, and since many of the observations in the draft did not properly reflect the reality of the various situations, the Management Board felt a duty to send a response. The full response can be found in *Annex 32*.

338. Based on the feedback provided by the PN Management Board, the Board proposed to the JIU that Recommendation 4 be amended to reads follows:

   The Secretary-General of the United Nations, as the Chairperson of the CEB, is encouraged to <u>support the advancement of</u> the work of the HLCM Procurement Network on the harmonization of procurement documents, collaborative use of LTAs, and joint procurement of vehicles. Noting the benefits of harmonized general terms and conditions of contract, the inter-agency Legal Network is strongly encouraged to expedite the work directed towards harmonizing the general terms and conditions of contracts based on common risks of the various UN agencies.

339. The PN Chair thanked all who provided input to the response to the JIU, which was at very short notice.

340.   The PN appreciated the actions taken by the PN Management Board and were in agreement with the feedback provided to the JIU concerning Recommendation 4.

XXIII. HLCM/CEB SECRETARIAT BRIEFING

341.   Mr. Ronny Lindstrom, the Senior Coordinator of the CEB Secretariat, joined this session by video-conference.

342.   The Senior Coordinator informed that the work of the PN was well received by those that attended the recent Donor briefing. The meeting was very well attended and the Donors were happy with the progress that has been made by the PN, especially considering that much of the work is done using own resources. Progress to date on the Collaborative Procurement of Vehicles Project was commended.

343.   The PN has demonstrated that it can deliver on projects that it has received funding for. Therefore, new proposals, such as the proposed project for the automation of the data collection for the Annual Statistical Report on UN Procurement, are welcome.

344.   The new Business Operations Strategy (BOS), developed by UNDG, has a strong emphasis on procurement. Therefore, the PN will need to find a way to work with UNDG in implementing this in the pilot countries.

PN Comments

345.   The PN Outgoing Chair raised the concern of the PN regarding the timelines indicated for the PN to deliver on items in the HLCM's Strategic Plan.

346.   The Senior Coordinator replied that the Strategic Plan was still very much in draft and that the HLCM expects to get feedback from the Networks in order to make the timing more realistic. Any feedback the PN has on timing and wording in the Strategic Plan would be appreciated.

347.   UNRWA expressed concern about the HLCM seemingly taking on the next phase of Delivering as One (DaO) as a priority. This will most likely have implications on the PN and may exceed current capacity.

348.   The PN Outgoing Chair added that despite several invitations to participate in PN meetings, UNDG have not joined and therefore lack the knowledge on how the PN operates. This has resulted in a series of proposals that will be difficult for the PN to meet.

349.   The Senior Coordinator was sympathetic to these concerns and realises that there has been insufficient consultation from UNDG. However, ultimately the Network will be responsible for fulfilling its responsibilities outlined in the Strategic Plan and then to the best of its ability meet the demands of UNDG. UNDG is currently being encouraged to develop some procurement capacity of its own so that it is not solely dependent on the PN for support when needed.

350.   UNDP asked how the new thematic approach to HLCM meetings was going to work, and whether the next phase of DaO would have more of a top-down approach.

351. The Senior Coordinator responded that there will be a greater understanding as to how the thematic approach will work after the upcoming HLCM meeting in Rome. A focus of the Rome meeting will be the main efficiency gains achieved by Organisations in the past year, many of which are procurement-related.

352. In terms of the next phase of DaO, 14 pilots have been identified for implementation of the BOS, which aims to systemise common service operations in the field, and largely focusing on procurement. There has recently been a training session in Bangkok for Operations Managers, which was attended by 3 procurement experts identified by the PN and who will act as training resources for future sessions. The sessions have a procurement module that largely focuses on the modalities of 'Common UN Procurement at the Country Level'. As implementation of the BOS moves forward more guidance and support is going to be needed. The UN Staff College is working on establishing a roster of experts who can assist with this and it is very important that the PN is engaged in these discussions.

353. The PN Chair queried whether the PN could expect financial support from the HLCM with the funding of the PN Secretariat position.

354. Although the Senior Coordinator agrees with the PN's need for funding for this, the CEB Secretariat currently had no scope whatsoever to expand its staffing.

355. The PN Chair raised the challenge that the PN has in setting the dates for its meetings pending information from the HLCM on when it plans to meet. The PN has had to go ahead and schedule its next meeting (for 26-28 September 2013), although it is still uncertain as to whether the HLCM will meet in September or October.

356. The Senior Coordinator was understanding of the difficulties the PN has in setting dates for its meetings and will share these concerns with the HLCM.

357. The PN Outgoing Chair enquired as to whether it would in fact be necessary for the PN to meet before the HLCM meetings if the PN is no longer expected to report into the HLCM meetings, as indicated by the new proposed format for HLCM meetings.

358. The Senior Coordinator responded that the Networks would still be expected to provide narrative reports electronically prior to HLCM meetings; therefore, it would still be necessary for the PN to meet before the HLCM.

359. The PN Vice-Chair pointed out that if the HLCM were to have more influence on the work of the PN it would make sense for the HLCM to meet beforehand.

360. Given the new proposed structure of HLCM meetings, the PN Chair enquired as to how the PN should raise its issues for HLCM meetings.

361. The Senior Coordinator responded that the mechanism for the Networks to report into the HLCM meetings had not yet been defined. In the meantime, he invited the PN to send any issues for the upcoming HLCM meeting to him by email.

362. The PN agreed that the following points should be raised with the HLCM at its meeting:

(i) <u>Professionalism of the Procurement Function</u> - with reference to the Young Professionals Programme (YPP), the PN seeks the support of the HLCM, in order to professionalise procurement throughout the UN, establishing procurement as a distinct occupational group for YPP purposes (it currently falls under Administration).

(ii) <u>Implementation of the Model Policy Framework (MPF) for Vendor Sanctions</u> - the PN seeks assistance of the HLCM to ensure that necessary resources are allocated (within and outside of procurement) in order to meet the target of the majority of the UN entities to implement the MPF. The implementation of MPF is slowed down in some Organisations through issues of finding an 'owner' outside of procurement and concerns expressed by Legal Offices.

(iii) <u>United Nations Global Marketplace (UNGM)</u> - the UNGM website (www.ungm.org) was established under the umbrella of the UN Procurement Reform, with the vision of 'creating one common United Nations global procurement website'. The UNGM membership is on an opt-in basis, and since 2008 only 21 UN entities[6] are full members of the UNGM. The PN would appreciate the support of the HLCM in ensuring that membership is enlarged and that Organisations are fully engaged from Headquarters to Field Offices.

363. The PN Chair thanked the Senior Coordinator for joining the meeting and expressed her appreciation on behalf of the PN for the great support provided by the CEB Secretariat.

364. Finally, the Senior Coordinator thanked the PN with whom he very much enjoys and appreciates working with.

XXIV. LIFE CYCLE COSTING

365. Mr. Dominic Grace (UNDP) presented this session, which focused on the principle of Life Cycle Costing (LCC). The full presentation can be found in *Annex 33*.

366. Although it is common knowledge that LLC is important for ensuring best value for money, procurement practitioners are often uncertain about how to put it into practice. It is often deemed too complicated because data is unavailable, there is a lack of knowledge/guidance in the practice etc.

367. The LLC principle can be applied to various product areas. Mosquito bed-nets were presented as an example. After assessing the requirements, the options and the life cycle costs in terms of purchase price, distribution, re-treating etc., it emerged that purchasing the more expensive of the bed-nets would be best value for money.

368. UNDP has been working with Government of Sweden on LLC, and is willing to explore whether they would be interested in funding a resource to help the PN work on this, should there be interest from the group in starting a WG/project.

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[6] AFDB, CTBTO, FAO, IAEA, IFAD, ILO, ITC, ITU, OPCW, UN/PD (incl. UNECA, UNOG, UNOV), UNDP, UNESCO, UNFPA, UNHCR, UNICEF, UNIDO, UNOPS, UNRWA, WFP, WHO (incl. PAHO), WIPO, WMO.

369. The World Bank added that the principle of LLC mirrors very closely greening issues, and should be part of early specification development, and then be incorporated into the evaluation matrix for tenders.

370. UN/PD agreed that LLC is extremely important. According to the UN's Financial Rules and Regulations, decisions should be based on lowest cost (as opposed to price). However, transparency issues would need to be managed, e.g. public bid openings - there is an expectation that a lower priced bidder will be awarded the contract.

371. UNFPA suggested that a group also be formed to work on how to better integrate procurement with programme delivery, a paper on which has already been prepared by Ms. Christine Tonkin (formerly IAEA) and Mr. Eric Dupont (UNFPA).

372. UNDP was supportive of this and suggested that a group with a broader theme be formed that could address a number of related topics.

373. The PN Chair suggested that, similar to the new HLCM approach, an informal group with a thematic approach be established and presented for opt-in at the next PN meeting.

XXV. SIMPLIFYING THE SHARING OF LONG TERM AGREEMENTS

374. This item was presented by Mr. Dominic Grace (UNDP).

375. In order to simplify the process of piggy-backing on the Long Term Agreements (LTAs) of another Organisation, it is proposed that a verification letter is used instead of the review and approval process by the Contracts Committee. The process of Contracts Committee approval requires time and effort and adds little value to the process, since the Committee generally is not able to review the contract of Organisation with the LTA.

376. A sample letter (*Annex 34*) was presented that would serve to verify that the Organisation has awarded the LTA and a due process in accordance with the applicable financial and procurement policies, rules and regulations has taken place. A ceiling amount would also be specified. The letter would then be duly signed by the Director of Procurement or another senior official from the Organisation with the LTA.

PN Comments

377. UNFPA, UNOPS and IAEA already operate without the review of the Contracts Committee but welcome the formal template that could be used by everyone.

378. UNDP pointed out that the issue of monitoring the use of LTAs would have to be addressed in order to ensure that pricing adjustments could be sought to reflect volume increases. A way to tackle this could be to build into future LTAs that suppliers need to report back on use of the LTA.

379. UNICEF supported the initiative, but would still be required to seek the approval of its Contracts Committee.

380. UNAIDS, who operates under WHO rules and regulations, would also still require approval of the Contracts Committee. However, whether or not Contracts Committee approval is required, it would be beneficial to share information on LTAs.

381. UNHCR supported the proposed template and informed that it will shortly be launching a global survey to catalogue all its framework agreements, and would be happy to share this information with the PN and discuss with others how to best share on UNGM.

382. UNRWA mentioned that a study of the various procurement manuals carried out under the Harmonisation Project, Phase I, recommended text that could be used for the template.

383. It was discussed that the template would have to allow for the occasional instances where a competitive process had been waived in the establishment of the LTA. This could be dealt with by annexing additional information.

384. It was agreed that UNDP would share the letter template with the group for feedback, and the PN Chair asked for the amended text to be presented for decision at the next PN meeting.

XXVI. VICE-CHAIRPERSON ELECTION, NEXT VENUE & CLOSING

Vice-Chairperson Election

385. Mr. Dominic Grace (UNDP) was nominated and welcomed by the Network as the new *Vice-Chairperson* for the 2013-2014 period.

Next Venues

386. The next PN session will be hosted by UNOPS in Copenhagen on Wednesday 25 September – Friday 27 September 2013.

387. The following offers to host upcoming PN sessions have been received:

ITC-ILO (Turin) – March 2014
AfDB (Pretoria) – September 2014

Closing

388. The PN agreed that the following items would be included in the *agenda* of the next meeting:

- Updates from the Working Groups and Projects
- Presentation of a TOR for a Vendor Management Working Group
- Presentation of a proposed new thematic group addressing Life Cycle Costing, integrating procurement with programme delivery, etc.

- Presentation of an amended letter template for simplifying piggy-backing on Long Term Agreements
- Presentation of the harmonised text of the Supplier Code of Conduct
- Update on UNSPSC implementation
- A briefing by the Director, Foreign Policy Division, U.S. Department of Commerce, on U.S. export licensing

389. The PN Chair informed the PN that she would shortly be leaving UNOG on secondment to take up a new assignment. She expressed her gratitude for having had the opportunity to work with the PN and thanked the group for the open and frank discussions, and advice on strategic issues over the years.

390. The PN Chair welcomed the new Vice-Chair and wished him well. She also thanked the Outgoing Chair for providing input and full support at all times, and UN/PD and the Regional Procurement Office in Entebbe for their support and generous hosting of the meeting.

391. The PN Vice-Chair added that he has enjoyed working with the PN Secretariat and Management Board, and that he has benefitted greatly from the experience of the PN Chair and Vice-Chair in taking on his role on the Management Board.

392. On behalf of the PN and the PN Management Board, the Outgoing Chair expressed gratitude to the PN Secretariat for the hard work and support provided. He also welcomed the new Vice-Chair and wished the PN Chair well with her new assignment and hopes that she will return to share her knowledge.

393. Finally, UN/PD thanked the PN for coming to Entebbe. It was an important moment for Uganda and therefore much appreciated.