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

Summary of Conclusions of the Twelfth Session of the

High Level Committee on Management's Procurement Network

(19-21 September, ICAO, Montreal, Canada)

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INTRODUCTION AND BACKGROUND

1. The 12th session of the High Level Committee on Management's Procurement Network (HLCM PN) was hosted in Montreal, Canada by ICAO on 19-21 September 2012, 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 (Senior Procurement Officer, ILO). The incumbents of these three positions form the Management Board of the HLCM PN.

2. The meeting was attended by 41 colleagues representing 24 of the 39 Organisations registered as members of the Procurement Network. 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. In continuation of its green meeting initiative, registration was done online using a cost-effective, internet-based facility. Paper copies of documentation were limited to a minimum and available documentation was shared via the PN Workspace on www.ungm.org.

5. The PN Chairperson opened the proceedings by referring to the opening quote from the last meeting, "In a crisis, be aware of the danger - but recognise the opportunity". This approach should be the guiding principle of the PN in these challenging times as UN initiatives requiring procurement effectiveness and efficiencies continue to be in the spotlight, and both our management and donors have high expectations on savings that should be achieved. As such, efforts to create the optimal strategic framework within the member Organisations of the Network are fully dependent on effective collaboration. The PN Chairperson shared her hopes for the last session of the meeting where the PN members are invited to come together to define the strategy of the PN on the basis of opportunities. She concluded by encouraging everyone to share their successes and help others succeed: "Give everyone a chance to have a piece of the pie. If the pie's not big enough, make a bigger pie"[1].

6. Mr. Ivan Galan (Director, Technical Co-operation Bureau, ICAO) welcomed the PN members to ICAO. He expressed his appreciation for ICAO having become a member of the Network (at the PN meeting in Rome, September 2011) as it is a tremendous forum for sharing experiences and best practices. He is confident that current collaboration can be further strengthened through working with specialised Agencies like ICAO. The procurement function of ICAO plays a very important role in supporting the technical cooperation the Organisation provides to its member countries and, through PN membership, ICAO hopes to become even more efficient and effective. Mr. Galan wished the PN a fruitful meeting and welcomed one-to-one discussions with anyone interested in exploring expanded collaboration with ICAO.

7. Mr. Patrick Molinari (Chief, Procurement, ICAO) also welcomed the PN members and wished everyone a good meeting. He expressed thanks to the PN Secretariat as well as Ms. Anna Flicko (ICAO) and Ms. Rita Wade (ICAO) for their support in organising the meeting.

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[1] Dave Thomas, founder and CEO of Wendy's and founder of the Dave Thomas Foundation for Adoption.

8.   The Vice-Chairperson highlighted that in its 6 years of operation this is the first time the PN meets in the Americas, an area of the world where some of the most important UN Organisations are based. The Vice-Chair commended the interesting work ICAO is doing in implementing projects within the civil aviation sector, in particular in the more unstable countries. He extended his thanks to ICAO as host and expressed hopes for a successful meeting.

9.   Mr. Warren Sach (UN Secretariat) commended ICAO on being instrumental in the issuance of biometric UN Laissez Passers (LP), which is an important step in increasing the acceptance of the LP and a good example of cooperation across the UN System.

10.   All participants *(see Annex 1)* introduced themselves briefly and outlined their expectations for the meeting.

I.   ADOPTION OF THE AGENDA

11.   The Agenda adopted by the Network is listed below with the relevant annex numbers for supporting documents[2] related to topics:

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

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

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

   iv.   ***Working Group on Harmonisation***
            Annex 4: Presentation 'Procurement Process and Practice Harmonisation in Support of Field Operations' – Ann Hasselbalch (UNICEF) and Alexander Blecken (UNICEF)
            Annex 5: Document 'Common UN Procurement at the Country Level'
            Annex 6: Document 'UN Procurement Review Committees'

   v.   ***Vendor Eligibility Project***
            Annex 7: Presentation 'Vendor Eligibility Project' – Dominic Grace (UNDP)

   vi.   ***HLCM PN Statutes***
            Annex 8: Presentation 'HLCM Procurement Network Statutes' – Dietmar Plesse (ITU)
            Annex 9: Document 'HLCM Procurement Network Statutes' with changes
            Annex 10: Document 'HLCM Procurement Network Statutes' finalised

   vii.   ***Working Group on Vendor Management***
            Annex 11: Presentation 'UNGM Briefing' – Giorgio Fraternale (WIPO) & Niels Ramm (UNOPS)
            Annex 12: Document 'Mid-Year Operational Report'

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[2] 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

xx.   ***Outstanding Issues, Next Venues and Closing***
[Annex 34](#)*: Document 'Summary of Decisions'

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

12.   The PN Chairperson and Ms. Kerry Kassow (HLCM PN Secretariat, UNDP) provided a status report and overview of activities over the period since the Network's last meeting in Amman in March 2012. The full presentation can be found in [Annex 3](#).

PN Secretariat

13.   Information on the state of the Procurement Network was provided. At the last PN meeting certain amendments to the PN Statutes were endorsed, including new text aimed at more clearly defining PN membership. Following this, the PN Secretariat undertook a clean-up operation of the membership database. This involved approaching all Heads of Procurement to establish who should be representing their Organisations, both on the PN and on the Working Groups etc. This resulted in the removal of all obsolete data and thus a drop in Network numbers by some 30 individuals. On the other hand, 10 new members have joined the Network since Amman. The total number of PN members is currently 97 and 39 Organisations are represented. Out of the 97 individuals, 61 are PN Representatives, Alternates, WG & Project Chairs and 36 are 'other' individuals, typically WG members. In terms of gender, 59% of the membership is represented by the male gender and 41% by the female.

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

15.   A number of new developments have taken place on the PN Workspace on www.ungm.org since Amman and these are as follows:

- HLCM PN General Documentation – an area on the Welcome page where PN documents such as the Statutes and Rules of Procedure can be accessed.
- Archive – the meeting reports from all of the HLCM PN meetings and IAPWG meetings (dating back to the first meeting in 1976) are available from this new section. In addition, all meeting documents from Amman and onwards will be accessible from the Archive

16.   The next steps for the development of the PN Workspace were briefly highlighted.

17.   The UNGM team was thanked for its support in developing the PN Workspace and the PN was encouraged to provide any feedback on the work carried out so far.

18.   Some of the other activities undertaken by the PN Secretariat over the past 6 months were outlined, including a high level of activity in terms of coordination and participation in Multi-Agency Business Seminars. All Organisations that have taken the time to participate in Business Seminars were thanked.

19.   The PN Secretariat thanked Ms. Anna Flicko and Ms. Rita Wade of ICAO for their support in preparing for the meeting in Montreal.

PN Management Board

20.   The PN Chairperson presented the main activities of the PN Management Board since Amman, which included supporting the development of Proposals for the UNGM Vendor Registration Reform and Phase II of the Harmonisation Project. Both proposals were well received by the HLCM HBP Steering Committee at their meeting in June 2012. The funding for the UNGM Vendor Reform Registration Project was approved, while the Harmonisation Project, Phase II was approved in principle. The final decision will be taken on the latter at the next HBP SC meeting and upon conclusion of Phase I.

21.   An update was provided on initial discussions that have taken place with UNDG in terms of future collaboration. The intention is to share the PN strategic plans for the next 2-3 years in order for UNDG to take them into consideration when developing its workplan.

22.   Input has been provided to the High Level Group in developing Standard Operating Procedures for countries adopting the Delivering as One approach.

23.   The PN Management Board has also been liaising regularly with the HLCM/CEB Secretariat in particular in preparation for the HLCM meeting in Washington (24-25 September). In this regard the PN Chairperson stressed the importance of the PN Summary Sheets, and kindly requested those submitting, to include as much detailed information as possible in them.

24.   The PN Outgoing Chairperson introduced the background for the Strategic Forward Planning session to be held on the last day of the meeting. Similar to the previous session held in Geneva in 2009, the initiative will aim at identifying and prioritising the strategic activities that will drive the work of the PN over the next 2-3 years.

PN Comments

25.   WFP commended the work carried out on the PN Workspace.

III.   WORKING GROUP ON HARMONISATION

26.   This session was co-presented by the Working Group Chairperson, Ms. Ann Hasselbalch (UNICEF) and the Project Manager, Dr. Alexander Blecken (UNICEF). The full presentation can be found in *Annex 4[3]*.

27.   The WG Chair commenced by thanking the PN Management Board and all WG members for their support.

28.   A brief overview was provided of the work carried out by the WG since the last meeting and the status of implementation of previous PN decisions.

29.   The PN has previously indicated its support for the use and implementation of a common Supplier Code of Conduct (SCoC). The existing UN SCoC has been amended by ILO in order

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[3] In addition to the main supporting documents referenced in section IV of this report, further documentation on this session can be accessed via the

  HLCM PN Workspace on www.ungm.org or by contacting the PN Secretariat

to ensure its alignment with International Labour Conventions and Recommendations and is now under review by the UN Secretariat. The revised SCoC is expected to be presented for acceptance at the next PN meeting (February 2013).

30.   Since the PN meeting in Amman, two field support missions (to Myanmar and India) have been carried out. The missions included 3-day workshops with multiple Organisations as well as meetings with the OMT and UNCT. The methodology for 'Common UN Procurement at the Country Level' worked well and both missions led to a decisions by the UNCT and OMT, e.g. to revitalise/establish a working group on common procurement, a prioritised and actionable work plan for the working group on common procurement, a procurement spend analysis for all UN organisations present in the two countries and other outputs as laid out in the Terms of Reference for the field support mission.

31.   Further to feedback received at the PN meeting in Amman, March 2012, and additional input received since then, the guidelines on 'Common UN Procurement at the Country Level' have been edited in order to improve their user-friendliness, readability and presentation. (see *Annex 5*.)

32.   A status was provided on the incorporation of the guidelines and material on UN cooperation into procurement training courses - to date 3 Organisations (FAO, UNICEF and UNFPA) have included material on UN cooperation in their procurement training. Many Organisations use other Organisations' procurement training, such as UNDP/CIPS. The outlook is positive regarding possible inclusion of some of the material on UN cooperation into the UNDP/CIPS Level 4 Strategic Diploma in Public Procurement.

33.   A new technological platform for the Procurement Practitioner's Handbook (PPH) has been developed, which means that the PPH can be accessed via website (on www.ungm.org), App and E-Book.

34.   In parallel with this, a task team was dedicated to develop a common UN glossary of procurement-related terms, which resulted in a glossary of 88 agreed terms.

35.   In terms of enabling joint procurement review committees, research has determined that the identification of common as well as good practices would be the best way forward, and therefore the WG undertook a comparison of concepts relating to procurement review committees. Subsequently, a 'white paper' on the best practices and recommendations for procurement review committees was prepared and shared with PN members (see *Annex 6*).

36.   Phase I of the Harmonisation Project is nearing conclusion, and an evaluation of the Project will be carried out from October-December 2012 by the consultant Mr. Hans Page.

37.   Having already approved in principle the Harmonisation Project, Phase II, the proposal for Phase II will now be subject to final approval by the HBP Steering Committee at its next meeting.

38.   Ms. Ann Hasselbalch will step down from the Project upon completion of Phase I. The WG nomination of the current Vice-Chairperson of the WG, Mr. Eric Dupont (UNFPA), to take over as Chairperson of the Harmonisation Project, Phase II was fully endorsed by the PN. A new Vice Chairperson will be selected by the WG. Since Phase I of the Harmonisation Project

has almost concluded, the Harmonisation WG accepted Mr. Alexander Blecken's request to step down as Project Manager as of 24 September 2012 in order to take on new challenges within the UN System. The remaining tasks of Phase I of the Harmonisation Project will be carried out by Mr. Phillip Walker together with the new Chair of the Harmonisation WG. If funding for Phase II is approved, a new Project Manager will be recruited.

PN Comments

39.   UNHCR thanked the WG for developing the 'white paper' and supporting documentation as it has been very helpful to them in the current review of their committee on contracts.

40.   UN/PD informed that the review of the SCoC has increased in importance as it will be an integral part of the reformed vendor registration process in UNGM. The amended version is therefore undergoing a thorough review by UN/PD and the Office of Legal Affairs, and will be presented for acceptance at the next PN meeting.

41.   WIPO enquired about whether a survey could be carried out in 6 months' time to assess whether the guidelines on 'Common UN Procurement at the Country Level' are being used and to gather any feedback. The Project Manager informed that there would be follow-up with Myanmar and India 6 months after the respective missions had taken place in order to assess the status.

42.   FAO commended the WG on the work done on improving the guidelines on 'Common UN Procurement at the Country Level' and appreciated being kept well informed of all the revisions as they took place.

43.   UNFPA enquired as to whether the guidelines document could also be made available via an App and was informed that this should be possible. Having developed the App for the PPH, the technological framework and code is now in place, so it should be a straightforward case of allocating time and budget to do it. The Project Manager agreed to seek confirmation on the feasibility of this from the IT consultant (Mr. Dirk Schumacher) on the extent of additional budget required.

44.   The UN Secretariat informed of the success of the UN/PD Procurement App, which has been well received by suppliers. The two individuals that developed this App recently received the UN21[4] award from the Secretary General.

45.   There was a discussion as to the extent the PPH should be made publicly available, even though it has existed in hard copy for 6 years and is therefore in circulation.

46.   UN/PD has been cautious about making the PPH openly available since some of its content differs to the procurement practices described in PD's procurement manual, which can potentially lead to supplier confusion.

47.   ITU, on the other hand, intends to apply the best practices as outlined in the PPH and publish them as its procurement manual on the ITU website.

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[4] http://www.un.org/webcast/un21awards/

48. ICAO proposed that the next revision of the hard copy PPH contains an index for easier reference.

49. UN/PD views the glossary of terms as good practice and an important step in harmonising all the terms that are used in UN procurement. However, if the terms are to be incorporated into their procurement manual, an internal review process will be required by their legal office.

50. UN/PD pointed out that all earlier documents produced by the Harmonisation WG should be aligned with the common glossary of terms.

51. UNRWA would find it helpful if the PN reached full agreement on the harmonised terms, including approval by external stakeholders, at the outset, as this would facilitate acceptance by legal advisors.

52. The WG Chair informed that the terms in the glossary are aligned with the definitions of the Institute for Supply Management, the world's leading supply management institution.

53. UNOPS questioned the necessity of the terms in the glossary undergoing legal review. Being a professional body in its own right, it should be sufficient for the PN to decide and agree on its own common language.

54. WIPO agreed that a further review of these terms by multiple bodies would add little value.

55. The WG Chair proposed adding introductory text to the glossary of terms explaining that the terms have been benchmarked and aligned with an agreed standard.

56. UNDP, being a major stake-holder in this project given its extensive field operations, pointed out that funding is imperative for the project to continue. Given its highly complex nature and the input and support that are required from stakeholders, it is doubtful that the momentum can be maintained without funding for Phase II.

57. Mr. Gerard Gomez (UNDP), who also represented UNDG at the meeting, thanked the PN on behalf of UNDG, for the great efforts that have been made in supporting collaboration at the field level. UNDG is looking forward to working with the PN on this moving forward.

58. The PN Chair commended the Harmonisation Project Team for its hard work and enthusiasm and the accomplishments of the WG to date. As the work moves forward, she thanked Ann and Alexander for expressing their availability for any consultation should it be necessary.

59. **Endorsements:** (i) The PN took note of the status of implementation of the decisions brought forward by the Harmonisation WG during the 10th and 11th PN meetings, and requests its members to provide regular updates on the status of implementation of these decisions.

   (ii) The PN took note of the revised and edited document 'Common UN Procurement at the Country Level' and reconfirmed its decision to recommend its members to use, consistent with their regulations and rules, the document in their Organisation-specific operational frameworks and to encourage Organisations to apply it.

(iii) The PN approved publishing the 2006 PPH as a website, App and E-Book with an updated glossary of terms. The PN will encourage its members to use the glossary of terms within their operational frameworks, subject to internal reviews. The PPH App will be published in App stores, such as Google Play and iTunes App Store.

(iv) The PN took note of the 'white paper' on UN Procurement Review Committees and commends this initiative of the Harmonisation WG to identify common practices and best practices within the UN Common System.

V.   VENDOR ELIGIBILITY PROJECT

60.   This topic was presented by the Mr. Dominic Grace (UNDP). The full presentation can be found in *Annex 7*.

Survey on implementation

61.   A follow-up survey was carried out in August 2012, focusing on member Organisations' plans for implementing a vendor sanctions policy based on the endorsed Model Policy Framework (MPF). This survey also focused on the role and expectations of stakeholders in implementation.

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

63.   In previous surveys, we learned that Procurement is the most common stakeholder in implementation. This survey identified the primary partners to be: Investigative Office, Senior Management, Legal Office and Ethics Office.

64.   Since the last meeting, 2 more Organisation have implemented a vendor sanctions system based on the MPF, bringing the total now to 4, while 14 Organisations have indicated that consultations are underway (this figure was 10 in the last survey).

65.   Technical and financial issues have been indicated as the major obstacle in implementation in every survey thus far.

66.   The main benefits of implementation are perceived to be that System-wide recognition will help enforcement of sanctions and create leverage, and an established system would be viewed favorably by Donors and Member States.

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

- PSO works closely with its Legal and Audit offices so as to react in a coherent manner when red flags are identified
- To date, the system has facilitated PSO in addressing matters concerning fraud, collusion and unethical practices
- No vendors have been suspended yet under the framework, but the Vendor Review Committee shall shortly consider interim suspensions, pending full sanctions proceedings, against 4 vendors in Kenya and Afghanistan - interim suspensions will

preclude these vendors from participating in UNDP procurement activities until the matter is closed

68. It was highlighted that implementing such a system does have a cost in terms of staff resources, but the benefits achieved make this worthwhile. Having such a system in place not only sends a positive message to the donor community, but it allows the Organisation to suspend vendors that are indulging in fraudulent activity.

69. UNDP encourages PN Member Organisations to implement a sanctions system based on the MPF and would be happy to provide support and guidance in doing so.

PN Comments

70. UNFPA, not having the resources to establish a review board itself, plans to outsource this function to one of the bigger Agencies.

71. UNFPA queried whether the definitions in the MPF could be aligned with those of the World Bank. This would eliminate the need for separate agreements every time they sign a contract with the Bank.

72. The definitions in the MPF are based on those of the Bank. UNOPS recalls, however, that at the time the MPF definitions were being formulated, the main issue the legal side had was with the definition of 'corruption', and suggests re-visiting this to see if the definition can now somehow be harmonised.

73. The issue of dealing with the fraudulent behaviour of vendors that the UN is strongly reliant on for supply was discussed. If there is a limited supply market it is sometimes necessary to find alternative channels to sanction vendors (e.g. via settlement, external monitoring etc.) without actually suspending them, so as to ensure continued supply of critical products.

74. UNOPS recommends that even though settlement may be reached with a vendor, they should also be sanctioned so that other UN Organisations are aware of the issues and can therefore make an informed decision when sourcing vendors.

75. UNDP agreed that sanctioning is the preferred action, but it can be difficult when there is pressure to deliver, particularly when there is a very limited supply base. An option could be sanctioning the vendor for a limited period of time, e.g. for the time it takes for a settlement to be agreed upon.

76. WIPO highlighted the added challenge of situations where the vendor that should be sanctioned is also a client of the Organisation.

77. UNDP agreed that situations like this are very sensitive. Common sense should be used when applying the sanctions framework, and sanctioning should be handled very much on a case-by-case basis.

78. UNRWA raised the issue of not being able to do business with the business units of suspended vendors even though the unit has since been sold-off, and research has shown that it has not been involved in the fraudulent behaviour of the mother Organisation.

79.   UNICEF has embarked on the implementation process and will contact UNDP for guidance on some of the challenges it is facing.

80.   ITU will refer to the sanctions framework in its procedures, but does not have the resources to implement it alone, rather it will be working with CPAG in order to establish a common vendor sanctions review board for Organisations based in Geneva.

81.   UNDP urged PN members to approach their HLCM representatives to highlight the importance of the MPF, in the hope that the HLCM as a group will ensure the implementation takes place.

82.   The UN Secretariat highly recommends that all Organisations implement the vendor sanctions framework. There are some costs and risks involved, but the costs of corruption and collusion are much higher and should be taken very seriously. The Secretariat suggest keeping the item on the PN agenda to ensure progress and finding economical ways of implementing the work carried out in this Project.

83.   The PN agreed that Organisations should continue to work to implement the Model Policy Framework for vendor eligibility arrangements and consequently will keep the matter under periodic review.

84.   UNDP will continue to lead and report on this project and will look into the aspect of harmonising the definitions set out in the framework with those of the World Bank, with a view to reporting back on this at the next PN meeting.

VI.   HLCM PN STATUTES

85.   This topic was presented by the PN Vice-Chairperson, Mr. Dietmar Plesse (ITU). The full presentation can be found in *Annex 8*.

86.   A number of amendments to the PN Statutes were agreed upon at the last meeting. It was also agreed some parts of the Statutes would require further review and discussion.

87.   Thus the following amendments were proposed:

- Integration of annexes (the PN Rules of Procedure)
- Several editorial changes – British English, consistent language etc.
- Chapter II – confirmation of certain members by PN Management Board
- Chapter III – outgoing Chairperson introduced
- Chapter IV – no change proposed, although deliberated in Amman, in principle voting cannot be applied, the PN must decide by consensus
- Chapter V – meetings to be decided on and not voted for, Associated Member Organisations enabled to invite, PN meeting dissociated from Business Seminars, a less discriminatory set of criteria for deciding on venue i.e. not solely centred around carbon emissions and cost effectiveness

    (The document highlighting the proposed changes can be found in *Annex 9* and the final revised version in *Annex 10*.)

PN Comments

88. WFP commended the PN Management Board on the work done in refining the PN Statutes and expressed support of decision by consensus.

89. UNDP expressed concerns about the consensus model in that it only takes one Agency to disagree for a decision not to be accepted. Some decisions are lighter than others, so perhaps varying decision-making models should be applied, in particular since PN work is becoming increasingly project orientated.

90. ILO pointed out that the PN has been very effective until now in reaching decision by consensus, showing flexibility when required.

91. The UN Secretariat advised against limiting the options too heavily in Chapter V and suggested leaving it open enough to be able to apply wisdom.

92. WIPO opposed reverting to the previous model of combining the PN meetings with Business Seminars. The concept of separating the two was originally introduced in order to allow the group to focus on its work.

93. ILO seconded this and urged for the PN not to revert to the previous model.

94. UN/PD suggested aligning the text concerning Business Seminars with that agreed upon in the Policy for UN Business Seminars, i.e., *"Generally, Business Seminars shall not be conducted in conjunction with the bi-annual meetings of the HLCM PN, unless otherwise agreed by the Network"*. This would leave the options open for the PN to decide on a case-by-case basis.

95. IAEA supported the suggestion of keeping the options of Chapter V open, but remarked that the PN has become much more efficient since its meetings were separated from Business Seminars.

96. WIPO suggested, given current pressures to reduce spend, and travel being a key budgetary expense, that this dimension should be considered when deciding on meeting venue.

97. UNHCR agreed that the approach should be case-by-case and welcomes, for example, the upcoming meeting taking place in Uganda where there is an important supply market. Here they plan to combine the PN meeting with suppliers meetings, which in this case makes good sense from a budgetary point of view.

98. Those interested were invited to discuss the various aspects concerning the amendments outside of the meeting, and a final decision would be taken at the follow-up session on the last day of the meeting.

99. **Endorsement:** Following the above-mentioned discussions, the proposed amendments outlined under point number 87 were endorsed by the PN and Chapter V was kept open to allow for the meeting venue to be decided upon on a case-by-case basis and not restricted by defined criteria. The related amended text of the PN Statutes Chapter V reads as follows:

"5.5   In deciding on a venue for a meeting, the HLCM PN shall take into due consideration the principle of rotation among Member and Associated Member Organisations that are capable and willing to host HLCM PN meetings.

5.6   Generally, Business Seminars shall not be conducted in conjunction with the bi-annual meetings of the HLCM-PN, unless otherwise agreed by the Network."

100.   UNDP wishing to discuss the financing (Chapter VI) was informed that dealing with this matter at this stage would require a PN Management Board proposal for amendment of the Statutes. In the absence of the latter, it was suggested to defer this discussion to a future meeting.

VII.   WORKING GROUP ON VENDOR MANAGEMENT (UNGM)

101.   The Vendor Management Working Group and UNGM Steering Committee (SC) are Chaired by Mr. Giorgio Fraternale (WIPO) who introduced the session.

UNGM Briefing

102.   The PN was provided with a briefing on the UNGM, presented by Mr. Niels Ramm (UNOPS/UNGM Service Provider). The full presentation can be found in *Annex 11*.

103.   As part of the briefing, the UNGM Mid-Year Operational Report for 2012 *(Annex 12)* was presented, which focused on a UNGM staffing update as well as ICT priorities and development to date.

104.   Following the resignation of the Project Assistant, Ms. Claire Thiebault, the position is being covered by Ms. Susan Struck (former PN Secretariat). Meanwhile recruitment is taking place for two new positions; a Technical Coordinator and a Project Assistant. Due to the contractual modalities that will be applied to these positions, there will be no additional budgetary requirements. Once these two positions have been filled, the UNGM Secretariat team will consist of 4 persons, including the Project Manager and a Helpdesk Assistant. On the development side, the UNGM will continue to have one full-time developer dedicated to the UNGM plus 2 other part-time developers, all based in Copenhagen. Three additional developers are currently being recruited in Bangkok to work on the UNGM Vendor Registration Reform Project.

105.   In terms of development priorities, the following update was provided:

- UNCCS/UNSPSC conversion is 90% complete. A pilot conversion of +1500 Tender Alert Service (TAS) subscribers has been carried out.
- Data field alignment in accordance with UPU best practice is 90% complete and the conversion is scheduled to take place on 1 November 2012.
- UN/PD SOWs related to registration levels & UN Secretariat inclusion is currently under development and will be completed by end of September 2012.
- Vendor Registration Reform (VRR) project preparations are on-going.
- Simplification of Agency specific questions is incorporated in VRR project preparations.

- Knowledge Resource Centre (Harmonisation WG – online version of Procurement Practitioner's Handbook completed, on-going)
- HLCM PN Workspace phase II development is complete.
- Vendor Eligibility module was completed in May 2011. The release of this module will be coordinated with the VRR, and in consultation with UNDP as it is dependent on Agency implementation of the MPF.

106.   A brief financial review was also presented. The TAS revenue target for 2012 is USD 350,000 and to date USD 244,087 has been achieved. The target for average number of monthly subscriptions is 116 and the figure is currently at 117.   UNGM outlook for meeting TAS revenue target in 2012 is positive.

UNGM Vendor Registration Reform

107.   This topic was co-presented by Mr. Sandro Luzzietti (IFAD), who has been the Project Coordinator until now, Mr. Niels Ramm (UNOPS), Mr. Kiyohiro Mitsui (UN/PD) and Mr. Giorgio Fraternale (WIPO). The full presentation can be found in *Annex 13*.

108.   The background of the Vendor Registration Reform (VRR) project was presented, followed by the objectives & benefits and a description of the reformed registration process. It was also highlighted that the reform has strategic synergies with existing PN initiatives such as, the Vendor Eligibility project, Harmonisation, Collaborative Procurement, Professional Development, Sustainable Procurement and Business Seminars.

109.   A summary of activities since the Amman meeting was provided, the highlight being the submission, and subsequent acceptance, of the proposal for funding by the HBP Steering Committee.

110.   The Memorandum of Agreement between the CEB Secretariat, UN/PD and UNOPS is currently being finalised and the project is due to kick-off in October 2012.

111.   Moving forward, the project will be governed by a Project Steering Team, led by Mr. Kiyohiro Mitsui (UN/PD). The Steering Team will be comprised of the UNGM SC, the HLCM PN Management Board plus 3 other PN members.

112.   The Project Steering Team will be responsible for:

- ensuring that the project is delivering on time and within the established budget
- discussing issues and adjustments as needed
- ensuring proper communication with vendors and key stakeholders
- advocating for support as required

113.   Project implementation will be led by the UNGM team (UNOPS) who will:

- coordinate the development teams
- implement the communication strategy
- update the Key Performance Indicators (KPIs)
- support vendors and UNGM Members during the transition to the new system

114. Each Organisation will be asked to nominate a focal point for receiving information on the project status and for contributing to the decision-making process when required.

115. The WG has been moving forward with simplifying a number of the questions in the current registration process, which can be implemented with limited effort by the UNGM team. The simplification has been determined through a survey carried out among the Agencies (see *Annex 14*) and endorsed by the UNGM SC. The changes will be implemented before the start of the main project in October.

116. In preparation for the project start, a sub-WG has been dedicated to developing a project implementation plan and detailed functional specifications, taking into consideration functionality that may be required for a future phase for this project.

117. Another sub-WG is working on refining the risk & impact analysis, vendor migration strategy, communication strategy and KPIs that have been outlined in the Business Case.

118. With all of the above now having taken place, the WG has completed its mandate and the project implementation process can commence.

PN Comments

119. The following 3 Agencies volunteered to join the Project Steering Team: UNDP, UNHCR and IAEA. The focal points for each of the Agencies will be communicated later.

120. The UN Secretariat pointed out that although the UNGM concept is to provide a single and easy access point for suppliers to register with all Agencies of the UN, there is an online procurement portal for Mozambique outlined in detail in page 24 of the guidelines on 'Common UN Procurement at the Country Level'. The idea of the UNGM is to eliminate the use of the many parallel vendor databases that exist and simplify matters for suppliers.

121. The UNGM SC Chair responded that it was difficult to stop others duplicating efforts across the UN System. However, the UNGM has the capacity to function as a local database, so there is no need for separate databases. In general, the existence of the UNGM needs to be better communicated.

122. UNICEF suggested that the Harmonisation WG considers whether the section on the Mozambique portal, which is part of a One UN portal, should be removed from the guidelines document.

123. In response to other concerns about serving the needs of local offices, the UNGM SC Chair reassured that the UNGM reform project would be addressing this as part of its efforts to increase access for suppliers in Developing Countries and in Countries with Economies in Transition. The system will have functionality that allows local office staff to register suppliers on their behalf, until such a time that they are in a position to take over their own account.

124. UNOPS urged the PN to consider the longer term strategic plans for the UNGM. Thought should be given to how the system will be used in the future, how the sanctions module will be supported, whether the UNGM can be used to monitor vendor performance and development etc. Given that the UNGM is being invested in heavily at the moment it would be an

appropriate time to determine how the UNGM could be developed over the next 5 years. For this purpose UNOPS recommended the establishment of a WG on strategic vendor management

125.   The Project Coordinator agreed that a wider vision is called for in terms of vendor management. Currently there are several WGs working in parallel on vendor related issues. The time is right to combine all these initiatives and create a common vision on strategic vendor management. This strategy should encompass vendor access, partnership strategy (e.g. with Chambers of Commerce), technical development of the UNGM, harmonisation & standardisation as well as financing.

126.   The UNGM SC Chair added that the UNGM Secretariat would need to be strengthened to meet the needs of further development.

127.   UNOPS raised concerns that, perhaps due to funding restraints, the group has not progressed far enough on the automation of the qualification level of registration.

128.   ITU pointed out the difficulties that exist in trying to configure the system to satisfy all the differing requirements of the Organisations involved.

129.   UNRWA informed that it would find it acceptable for certain Agencies to be designated and responsible for evaluating vendor registrations within their specialised field e.g. IAEA – x-ray machines etc.

130.   The Project Coordinator advised that specialised evaluation of supplier registrations would be considered for a "phase II" of the project and was already being discussed as the specifications for the new system were being developed.

131.   The PN Chair commended the WG for the work carried out in fulfilling its mandate and suggested that the Strategic Forward Planning session on the last day be used to explore a more holistic approach for vendor management.

VIII.   COLLABORATIVE PROCUREMENT

Vehicles

132.   The Coordinator of the Collaborative Procurement of Vehicles Project, Mr. Dominic Grace (UNDP) co-presented this session with Ms. Katherine Vigneau, who has been recruited as Project Leader of Phase I of the project. Ms. Vigneau has 27 years of transportation experience with the Canadian Army and has served in Canada, Haiti, Afghanistan and Norway. She also has experience working with the Fleet Management Association, NAFA and now runs her own business focused on fleet consultancy. The full presentation can be found in *Annex 15*.

133.   After providing the background and aim of the project, the three phases were outlined and a detailed overview of Phase I was provided. Phase I is focused on data-gathering and a feasibility assessment and the following targets have been set:

Deliverables	Due Date
Analysis of vehicle fleet	15 Oct, 2012
Analysis of buying practices	15 Dec, 2012
Analysis of areas of operations	15 Jan, 2013
Opportunities for savings	15 Feb, 2013

134. The benefits of collaborating on vehicle procurement were presented and these include, bulk discounts, shorter lead times and reserve stock, reduced duplication of efforts, availability of data, increased accountability and better overall management.

135. The data gathering of Phase I has already commenced. The first step is a Request for Information, where Organisations are being asked for information on their fleet in general, vehicle acquisition, replacement & remarketing, budgets, maintenance, fuel, country-specific requirement and insurance. In addition, Organisations are being asked to provide any information they have on their vehicle inventory. The majority of Organisation do not have all this data available, although a few have been able to provide it all.

136. In parallel to this, interviews are being carried out with Agency focal points, touching upon topics included in the Request for Information.

137. Those that have participated in the above were thanked and others, particularly those who are not members of the WG, were invited to provide a focal point so as to be able to participate in the data-gathering exercise. The number of vehicles procured by an Agency is not only what is important, the ideas that can come out of the bi-lateral discussions are also of great value.

138. The initial impression of the Project Leader is that there is a desire to cooperate and operate efficiently. The main challenge identified to date is lack of data, as well as country-specific requirements, standardising specifications, and decentralised management. At the same time there are opportunities within insurance, better purchasing, and identification of best practices.

PN Comments

139. UNFPA is experiencing an increased push at the local level for low-cost vehicles from, for example, China and India, and was assured that these types of considerations would be included in the project. One of the aims of the project will be to encourage people to purchase vehicles that are 'fit for purpose' and of lower-specifications when a high performance vehicle is unnecessary.

140. IAEA urged for an analysis of the market and how it operates, as well as the needs/issues from the programmatic side, to be included in the study.

141. WFP raised the following points for consideration, (i) the challenges of operating in countries where the US has export restrictions; (ii) some donors will not allow purchase of vehicles if they are going to be left in the country of operations afterwards; (iii) the pre-positioning

concept is advantageous - the UN System Network for Humanitarian Response, managed by WFP, has a number of depots around the world with pre-positioned vehicles; (iv) there is a level of operational risk that needs to be managed i.e. as soon as there is an emergency there will be extreme competition between the Agencies responding to the emergency for the same limited assets; and (v) the outcome of the project may be a lead Agency concept, where the fee is typically 7%, and there will be competition between the Agencies for this role.

142.   The Project Coordinator agreed that the issue of export licenses is serious and warrants further, separate discussion within the group. In terms of lead Agency, this will not be the focus at present as it is bound to limit progress. This kind of consideration will fall under Phase III of the project.

143.   UNEP informed that it has been collecting data from Agencies on the carbon emissions and fuel consumption of vehicles for 3-4 years now and would be willing to share this information if deemed relevant.

144.   UNOPS expressed support for the vehicles project and endorsed the need to analyse the +300 million USD spend on vehicles. In the meantime, UNOPS will continue to offer its services, and is currently expanding the number and types of vehicles being offered through UN Web Buy. UNOPS looks forward to the results of the study with optimism and is hopeful that more collaboration and commitment will result in a more cost effective procurement strategy across the UN system.

145.   UNOPS recommended that the study also addresses the issues of meeting donor expectations and what the group's response will be if savings cannot be made. There are two ways savings can be made, (i) through standardisation of the vehicles – however, can this be achieved and to what degree? An important consideration in this is the Member States, who have expectations that the UN will buy from their countries, which can in turn have implications on the extent to which it is possible to standardise; and (ii) through greater efficiency and reduced duplication of efforts – the study needs input from all stakeholders on how they can be incentivised to participate in a more efficient vehicle procurement process.

146.   UNRWA very much welcomes this study but pointed out that there is the danger of leaping to conclusions too early in the process. UNRWA believes there is an opportunity for savings to be made, in particular in terms of understanding the costs of ownership better. In addition, real benefits could be achieved by increasing the level of expertise in buying vehicles and ensuring that the purpose of the vehicle is accurately assessed.

147.   The UN Secretariat reminded the PN that UN/PD's vehicles contracts are open for others to use, at no cost. Information can be accessed via PD's website or the UNGM.

148.   The UN Secretariat added that the project will only succeed through inclusion and advocacy rather than by making any outcomes mandatory. This project is taking place, not for the sake of collaborating, but because there are potential cost benefits, and as long as this is the case real progress will be made.

149. UNDP pointed out that when looking at life-cycle costs, the costs of auxiliary equipment must be factored in and it should be ensured that equipment is compatible with the lower-cost brand of vehicles.

150. In terms of existing fleet data, it was recognised that the level of detail available via IPSAS is not yet sufficient. It is hoped that through this project, data can be integrated with IPSAS and allow Organisations to report more accurately.

151. The Project Coordinator expressed appreciation for all the different views and comments, all of which are very relevant and will be considered. Overall the project will be about reducing costs and to do this standardisation will be the key.

152. The PN Chair thanked the Project Coordinator for the work completed thus far and looks forward to working with the team and the progression of this important and sensitive project.

Cargo and Warehouse Insurance

153. The Coordinator of this project, Mr. Ramakrishnan Iyer (UNDP), gave an *update* on the project: The full presentation can be found in *Annex 16*.

154. This project has now reached conclusion, therefore, the presentation focused on the process carried out, the results & savings and the challenges encountered.

155. The process started with the launch of the project in August 2011. UNOPS, UNFPA, UNICEF, FAO, and UNDP agreed to participate, with a combined annual premium (2010) of USD 3.56 million as a baseline for the procurement process. Further to a tender process, 5 bids were evaluated and one was rejected after technical evaluation.

156. The process has resulted in Willis Inc. being the selected contractor and the new policy is expected to be in place by January 2013.

157. New premium rates obtained are 41-77% lower than current rates. If 2010 volumes are maintained by the Agencies in 2013 and beyond, the combined savings will be USD 1.89 million on an annual basis.

158. A number of challenges have been identified with this project, and are as follows:

- The absence of common UN bidding documents and Terms & Conditions (T&C) continues to hamper collaborative actions
- In this instance, 5 separate contracts would be entered into with the same vendor after a single process
- With different T&C, contract management will be Agency-specific
- The process was resource-intensive for the Lead Agency, although there is corresponding cost-avoidance by participating Agencies

PN Comments

159. The PN Chair commended the project team for its work. The presentation highlighted the issues that are also faced by the HQ procurement groups in Geneva and Rome (CPAG and CPT) in terms of not having one set of contract documents and T&C. The PN will have to address the issue of how to resource these types of projects in the future since there may come a point where funding from the HBP SC becomes limited.

160. FAO thanked UNDP for all the hard work done on the project and commended Ms. Yulia Kurbatova (UNDP resource dedicated to the project) for doing a great job. The results of combining large piece of business such as this are very impressive and the scale of the business is very attractive to suppliers. Therefore, the PN must find some way to continue with such collaborative procurement projects.

161. FAO added that within the CPT the notion of trying to develop common T&C with addendums was being addressed. The feasibility of having a single contractor manager is still very unlikely.

162. WFP complimented the group on the outstanding and very quantifiable results and recommended any other Organisation that is interested to join the framework that has been established.

ICT Survey

163. Further to the findings from the UN procurement spend analysis presented by IAEA at the last PN meeting, the PN Management Board requested UNDP to launch a survey among PN members to determine the level of interest in a collaborative procurement project on ICT equipment.

164. The findings from the survey were presented by Mr. Ramakrishnan Iyer (UNDP). The full presentation can be found in *Annex 17*.

165. A total of 19 Agencies responded to the survey and all indicated interest in participating in a potential collaborative procurement project for ICT Products.

166. Of these, 12 Agencies have one or more LTAs for IT hardware procurement and 14 have a software volume licensing agreement with Microsoft and/or other vendors.

167. An overview was given of the various hardware and software needs of the Agencies.

168. A high percentage of Agencies indicated a preference for having a global agreement with regional SCM solutions. However, there was also some interest in regional agreements.

169. In addition, 15 Agencies provided 2011 ICT expenditure (best estimate) that totaled USD 307 million per year. It is estimated (via informal market intelligence) that the savings by undertaking such a project would be approximately 10%, and possibly more if the UN decided to procure one specific brand.

170.   The estimated timeline for the project would be 15-18 months, provided that there is a dedicated project team.

PN Comments

171.   The PN Chair thanked UNDP for undertaking the survey and presenting the results to the PN.

172.   IAEA appreciated the survey, the results of which are very much consistent with the analysis carried out last year. IAEA strongly suggest engaging with the ICT Network on this at a very early stage. IAEA's ICT unit is very keen to cooperate with the PN on this project if it goes ahead.

173.   UNFPA raised the issue of ever-changing specifications and pointed out that the UN export license embargo also has implications on this sector.

174.   In response to the afore-mentioned first point, UNDP informed that it has set up its LTAs with a discount on the market rate and, additionally, specifications have to be updated to the latest model by the vendor when made available by the manufacturers.

175.   ITU informed that the ICT Network is very interested in collaborative procurement of ICT products. If the PN pursues this it should be a shared activity with the ICT Network being responsible for standardisation of equipment and software in particular.

176.   UNOPS proposed taking the lead on this project with a view to making the hardware and software available on UN Web Buy with a pricing model that would cover the running costs.

177.   UNDP informed that it has had discussions with two vendors and both have online systems that are freely available and can be integrated with UN Web Buy or ERP systems. This would mean no need for maintenance of catalogues, pricing etc.

178.   UNDP informed that the UNDP IT group is doing a lot of work in standardising specifications across the Agencies and any collaborative project should ensure to connect with them.

179.   Some PN members mentioned issues in dealing with UNICC, but since this was mainly concerning services, it was agreed that this should be discussed separately.

180.   It was agreed that the PN Management Board should consult with the ICT Network and revert to the PN on this topic.

IX.   TERMINOLOGY AND METHODOLOGY FOR DETERMINING BENEFITS

181.   This session was presented by the PN Chair, Ms. Boi-Lan Lemoine (UNOG). The full presentation can be found in *Annex 18*.

182.   The presentation touched upon how procurement effectiveness can be measured. The private sector has been measuring performance with quantitative and cost-related measures. Two examples from the private sector were presented.

183. However, other metrics need to be factored in and measured, such as, risk mitigation, innovation, quality of delivery, responsiveness, procurement cycle time etc.

184. Some of the hurdles faced by UN Organisations in measuring benefits are differing cultures, achieving buy-in from regional and local procurement managers, currency fluctuations and inflation in certain markets.

185. There are some factors that are important to bear in mind: the right balance between integrity and creating a bureaucracy; not setting up a system that would require procurement staff to spend 30 percent of their time justifying savings calculations; managing the process with internal customers as procurement may be seen to be pushing for initiatives where savings delivered will result in a budget cut; even if prices have increased, procurement may have outperformed its competitors and obtained the best prices; and senior management must be well-informed about cost avoidance.

186. In order to respond to requests made by management and member states on improved effectiveness, efficiency and transparency, the following next steps were proposed:

      • Review of current definitions and methodologies used by Organisations
      • Review of Best Practices used by the Public and Private sector that will show value of procurement
      • Provide results to the PN members for consideration, harmonisation and adoption

PN Comments

187. UNFPA recommends highlighting benefits relating to more effective programme delivery e.g. x amount of savings = x more women given access to contraceptives etc. as this kind of information tends to have a strong impact.

188. IAEA supported UNFPA's point and would be very interested in participating in a working group on this topic should it come about.

189. WFP was in agreement with the points in the presentation and highlighted the importance of convincing senior management that a proportion of savings achieved could be re-invested in procurement so that even more benefits can be achieved. WFP welcomes the study and looks forward to participating in it.

190. WIPO mentioned that consolidating requirements is not always meaningful to the point of resulting in better pricing. Also, if consolidation takes too long it may even result in having cost more.

191. UNHCR informed about pressure it is currently under to achieve a cost savings of USD 9 million in procurement. This is proving to be very difficult and thus far have learned that it's vital to ensure the involvement and buy-in of two key stakeholders: requisitioners, as they are the ones who are in a position to avoid costs; and the budget service.

192. UN Women pointed out that it can be challenging to convey the meaningfulness of the work procurement does and suggested increasing focus on analysing and measuring the value for money (i.e. less tangible factors) that is delivered.

193. AfDB agreed with this and believes that together the PN can help make a difference.

194. FAO suggested looking at the administrative savings that could be made through having joint review committees.

195. ITU agreed that having separate contract committees is very ineffective, and also highlighted the need to convince management that savings through procurement efforts should not be used to justify budget cuts as this is counter-productive.

196. The UN Secretariat suggested approaching this topic as positively and simply as possible. The UN procures certain common commodities and benchmarking these could be a key area to move forward with.

197. **Endorsement:** In order to respond to requests made by management and Member States on improved effectiveness, efficiency and transparency, the PN agreed to a review that will examine terminology and methodology for determining benefits.

X.   WORKING GROUP ON PROFESSIONAL DEVELOPMENT

198. The Working Group is Chaired by Mr. Torben Soll (UNDP). The full presentation can be found in *Annex 19*.

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

200. (i) *Job Descriptions (JD)*, led by Ms. Lena Romer (UNICEF)
The space that has been created on UN Teamworks[5] for the sharing of JDs was presented. In order to facilitate the uploading of information onto the space, a Quick Guide has been created (see *Annex 20*). A Naming Convention has also been developed to ensure that uploaded documentation has a uniform title structure, is tagged, and can easily be identified (see *Annex 21*). PN members were encouraged to ensure the space gets populated with JDs. Any Organisations that have not yet done so, should nominate a JD focal point and user rights to the space will be provided to that person.

201. The SWG has carried out a survey among the Agency focal points in order to identify the issues and challenges that exist in terms of updating JDs (see *Annex 22*). The main challenges that have been identified are lack of capacity in HR, changes proposed by procurement not accepted by HR and core technical and/or managerial competencies are not reviewed/updated on a regular basis. The survey concluded that all Organisations are interested in having access to both Generic and Specific Job Profiles, all Organisations are willing to share, and a JD knowledge platform is needed. There was also some support expressed for creating a baseline

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

for JDs at all P and G levels in an effort to standardise basic job requirements across UN entities.

202.   Ms. Lena Romer was thanked for her dedication to the above-mentioned work.

203.   (ii) *Knowledge Sharing*, 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 is being explored with the support of an IAEA staff member. Here documentation can be shared in terms of both individual development (training opportunities, useful resources and career development information) and Organisational development (innovative approaches, streamlining of processes etc.) There is also the possibility of having a Discussion Forum on the Teamworks space.

204.   (iii) *Training Courses*, led by Torben Soll (UNDP)
The *Training & Certification Course Compendium 2012* has been compiled and released in the lead up to this PN meeting (see *Annex 23*). A total of 52 courses from 15 Organisations are listed in the Compendium, the majority of which are open to other UN staff.

205.   An overview was provided of the UNDP/CIPS Procurement Certification Programme. Currently, 31 Organisations are using the Programme and by the end of 2012, 2000 students will be certified at Level 2 (Procurement Planning). One third of the participating Agencies now have staff certified to Level 3 (Advanced Procurement Planning). Level 4 (Strategic Procurement Planning) is due for release later in 2012. Level 4 will have a 4 hour module on UN cooperation incorporated into it. Before embarking on Level 4, participants must have passed Levels 2 & 3. UNDP has no current plans to customise CIPS Levels 5 & 6.

206.   A new table outlining Recommended External Training Courses has been launched (see *Annex 24*). The purpose of the table is to highlight courses that have been tried and tested to full satisfaction by Organisations. PN members were invited to add relevant information to the table.

PN Comments

207.   IAEA informed that it has made arrangements with CIPS to customise Levels 5 & 6 and offered to put others in touch with CIPS in this regard if interested in the same.

208.   IAEA has found that although the certification programmes are a big time commitment for staff, the return on investment is invaluable. It has given IAEA the capability to do more complex procurement better and with fewer staff.

209.   WFP enquired about the availability of UNDP/CIPS online and was informed by the WG Chair that this would be prioritised once Level 4 had been released.

210.   UNRWA expressed appreciation for the UNDP/CIPS programme and enquired about plans for expanding to include tutors from other UN Organisations, such as UNRWA.

211.   The WG Chair informed that new internal tutors were being educated on an on-going basis. The idea of including tutors from other Organisation could be explored, but would have to be discussed with CIPS.

212.   UNFPA enquired about the possibility of carrying out a survey among participants that have been certified to assess how their careers have progressed.

213.   The WG Chair responded that an initial evaluation is done after all courses, but a further longer-term evaluation of the impact the training has had on the person's career, efficiency and effectiveness could be interesting to explore.

214.   The PN Chair commended the WG for the progress made and is pleased by the training opportunities that are available for the professional development of staff. She looks forward to the development of the knowledge sharing workspace and encourages the WG to engage with the HR Network on the findings from the JD survey.

XI.   WORKING GROUP ON SUSTAINABLE PROCUREMENT

215.   The Sustainable Procurement (SP) Working Group is co-Chaired by Mr. Niels Ramm (UNOPS) and Mr. Jacob Kurian (UNEP). The full presentation can be found in *Annex 25*.

Progress report

216.   The co-Chairs provided an update on the status of the various activities in the SP Workplan since the last PN meeting. The key highlights being, providing advisory support to UNFPA, UNHCR and UN Common Services, Copenhagen; publication of an awareness-raising flyer on SP; and the current finalisation of the SP online training tool.

217.   UNEP/SUN, on behalf of the WG, has reached an agreement with the Swedish Environment Council (SEMCO) to utilise funds from an on-going UNEP/SUN project to support a number of the activities of the SP WG. The TOR under the agreement covers the following deliverables: (i) Act as a Consultant/Advisor to the Working Group and support the SP advisory services being provided by the WG, (ii) Collating UN case studies on SP and (iii) Providing content for a reduced version of the on-line training tool.

218.   Ms. Anna Spindler (UNHCR) gave a brief presentation (included in *Annex 25*) on the implementation of SP initiatives at UNHCR.

219.   UNHCR has been making considerable efforts to raise awareness of its staff to SP issues via the following activities:

  * A "Did you know?" campaign via intranet and email, every 2 weeks for 8 weeks
  * Developing marketing slogans such as "SP – People, Products, Planet"
  * Creating 2 large banners and displaying in HQ
  * Providing graphics for field offices to make banners and posters

220.   UNHCR has also incorporated SP criteria and information into several documents and made links available via its intranet.

221. Several other 'quick win' activities have taken place, such as, moving from paper-based files to e-filing for all tenders and POs; incorporating environmentally friendly cleaning products into a cleaning services tender; sensitising suppliers and taking inventory of SP aspects with LTA holders; and carrying out an assessment of a factory in Kenya, which has allowed them to highlight a factory and LTA holder in a developing country with progressive SP practices.

222. In collaboration with a number of other organisations, UNHCR has created an Excel-based factory supplier assessment check-list, which it is willing to share with anyone interested.

223. To continue moving this work forward UNHCR has recently established a Diverse Task Force (with staff from across the Organisation) and developed a ToR. The Task Force will have finalised a 2-year action plan by the end of 2012, with the assistance of the SP Working Group.

PN Comments

224. There were requests for the sharing of the Task Force ToR and information on the paperless filing. UNHCR is willing to share all the information relating to its SP initiative with anyone interested.

225. UNFPA informed about its initiative to incorporate SP criteria into its tendering for high-spend/low-risk items. Suppliers have been requested to meet a number of criteria set out in the contract documentation, and audits will be carried out to ensure conformance. UNFPA recommended that others contact the SP WG for support with this kind of initiative, if interested.

226. The PN Chair commended the WG in its efforts to provide advisory services to strengthen sustainable procurement capacity and awareness within the Organisations and appreciated the experience shared by UNHCR.

XII. WORKING GROUP ON SUPPLIER ACCESS

227. Mr. Ard Venema (UN/PD), Chairperson of the Supplier Access Working Group, presented this topic. The full presentation can be found in *Annex 26*.

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

229. Notably, in 2011 the total number of events held was 40, with 3038 suppliers participating. However, by September 2012, the number of events that have taken place is 27 and already 3031 suppliers have taken part. 75% of the focus has been on Developing Countries and Countries with Economies in Transition (EIT).

230. Some trends over the past few years have been observed. Since 2007 there has been an increase in both the number of Business Seminars held in Developing and EIT Countries, and the number of suppliers from these countries that have registered on the UNGM. Furthermore, the gap is closing between the percentage of suppliers from Industrialised Countries registered in the UNGM versus suppliers from Developing/EIT Countries. In 2007 the percentage for the latter was 20%, whereas by 2011 it had risen to over 30%.

231.	Through the evaluation of Business Seminars, a number of lessons learned have been identified. The overall feedback from participants is positive and the Business Seminar events are considered useful and much appreciated. The following have been identified as working well:

- Communication with HLCM PN Secretariat
- UN overview presentation and Agency-specific presentations
- One-on-one meetings with Agency representatives
- Case studies
- Panel discussions with representatives from participating Agencies

232.	On the other hand, a number of areas for improvement have been identified:

- It would be helpful if the Agencies nominated their representative earlier – to facilitate planning the agenda, travel and the one-to-one meetings
- Suppliers would appreciate receiving the final agenda and meeting schedule earlier
- If a company is not selected for a one-on-one meeting, a brief explanation as to why would be appreciated

233.	Moving forward, the Supplier Access WG will focus on:

- Dissemination of information through the Business Seminar Community of Practice[6]
- Publication of Business Seminars on the UNGM website
- Increased participation of UN Agencies in Business Seminars
- Increase effectiveness of Business Seminars – cooperation with UNGM Vendor Registration
- Explore other possibilities to increase Supplier Access, such as, use of Social Media
- Further collaboration with the International Chamber of Commerce/World Chambers Federation (ICC/WCF) to organise seminars focused on training Chambers of Commerce

234.	Finally, two items were raised for discussion:

(i)	During a recent Multi-Agency Business Seminar event one of the participants was a company that had been suspended by some UN entities. "*How should the PN deal with suspended vendors that wish to participate in Business Seminars?*"

(ii)	The Policy for HLCM PN Multi-Agency Business Seminars (endorsed in Rome, September 2011), 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."

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[6] https://extcop.unlb.org/

A number of UN Organisations have started participating in 'Aid and Development' events (conferences combined with vendor exhibitions). "*Is there a need to amend the above Policy?*"

PN Comments

235. In terms of discussion item (i), WIPO pointed out the need to define what 'doing business' means, and doubts that the definition would encompass attending Business Seminars.

236. UNOPS informed that at the World Bank if a supplier is even temporarily suspended it is not permitted to seek or discuss any new business with WB entities, but recognises that the situation is different for the UN.

237. UNDP added that although the Model Policy Framework for sanctioning vendors has been inspired by WB policy, it does not see a problem with suppliers attending Business Seminars, although it could depend on the reason for suspension. Reinstatement should not be discussed with the supplier at the Business Seminar as this is the responsibility of the respective review panels.

238. UNDP raised the query of how to deal with the attendance of subsidiaries of a suspended parent company and if the PD suspended vendors list can be used to access information on this.

239. The WG Chair responded that this should be easier to deal with once Organisations have implemented the MPF and information on suspended vendors is available on the UNGM.

240. AfDB recommended that if a supplier is suspended, sanctions should preclude participation in UN Business Seminars.

241. ITU pointed out that the UN Organisations are the guests of the host organisation when attending the Multi-Agency Business Seminars and therefore not responsible for who should attend and who should not in terms of the supplier community.

242. The PN Chair suggested addressing this issue during the Strategic Forward Session on the last day of the meeting and thanked the WG for providing a detailed update of its activties.

243. Regarding discussion item (ii), it was agreed that the WG would approach those Organisations that have been participating in 'Aid and Development' events to discuss their reasons for participation, and if appropriate, revert with a proposal at the next PN meeting.

XIII. SHOW AND TELL: UNICEF'S ACTIONS ON INFLUENCING MARKETS

244. Ms. Safia Robinson and Ms. Ann Hasselbalch (UNICEF) presented this topic. The full presentation can be found in *Annex 27*.

245. The vast majority of deaths in children can be prevented and treated with medicines and health technologies that are affordable and effective. The problem is that children and women don't always have access to them. UNICEF is working with its partners in an effort to remedy this and is focusing on new and expanded areas to achieve results. One of these is influencing

global markets and policies for strategic essential supplies to achieve reduced pricing, increased competitive supplier basis, and sustainable quality and availability.

246.   Among strategic essential supplies is Ready-to-use Therapeutic Food (RUTF), used to treat malnutrition. Since RUTF became available in 2000, UNICEF has been the largest buyer globally (procuring 80% of the world's supply). To meet demands UNICEF implemented a deliberate market influencing strategy which included:

- Initiating competitive bidding for RUTF in order to open the market for new suppliers
- Strengthening the capacity of local producers to manufacture RUTF
- Working with UNICEF Country Offices to make annual forecasts for demand
- Pre-positioning of buffer stocks to decrease lead times and improve delivery
- Improving collaboration with other UN agencies and donors in response to nutrition emergencies

247.   Similarly with vaccines, UNICEF in collaboration with its partners, has dedicated efforts to establish a healthy market scenario in this area. As a result, it has been possible to introduce new WHO pre-qualified vaccines to fight the biggest killers of children. UNICEF now spends 5 times more on vaccines compared to 10 years ago.

248.   Where the push and pull of supply and demand do not adequately stimulate the availability of essential products, UNICEF works with partners and industry to influence markets in a way that favours access to affordable, high-quality, high impact commodities for children's health. The strategies and methods for which differ based on product and market contexts and based on the 'tools' available e.g. through innovative financing – accelerating the availability of funds, and/or through strategic placement of orders across several suppliers – reducing dependency on too few suppliers, stimulate competition etc.

249.   UNICEF highlights that it cannot do this important work alone. Partnerships with the World Bank, GAVI, GFATM and UNITAID are critical in leveraging resources for children and shaping essential markets – increasingly through innovative co-financing arrangements. It also works together closely with governments as well as NGO partners.

250.   UNICEF collaborates increasingly with academia, the private sector and the design and engineering world with the aim to find new innovative solutions to the problems faced by mothers and children, as well as to deepen its skills in supply chain management.

251.   The PN Chair expressed appreciation for the presentation and the excellent demonstration of how markets can be influenced and how such results can be effectively measured.

XIV.   SHOW AND TELL: PROCUREMENT REFORM AT UNDP

252.   This session was presented by Mr. Dominic Grace (UNDP). The full presentation and supporting paper can be found in *Annex 28*.

253.   The presentation highlighted the steps that have been taken by UNDP's Procurement Support Office (PSO) to better the procurement process. A process which has taken place through focus on innovation, new thinking and achieving better value for money.

254. Recent procurement reforms at PSO include:

- Increased Micro-Purchasing threshold – allows for maximum flexibility in low value procurement, and shortens the procurement cycle for smaller contract amounts by an average of five days.
- Electronic signatures for POs – will save UNDP USD 1.3 million over 5 years or a 7% efficiency saving and a significant reduction in the procurement cycle time.
- A new Individual Contract (IC) policy that shortens the IC procurement process – hiring Individual Contractors can be done in as little as one day; Special Service Agreements (SSAs) and Reimbursable Loan Agreements (RLAs) have been replaced with a more efficient, standardised method; new templates were launched in July 2012.
- UNDP's Delegation of Authority level for Country Offices is now one of the highest in the UN system – Delegation of Authority to COs can be increased based on the Procurement Capacity Assessment (PCA).
- The Advisory Committee on Procurement (ACP) online system has been enhanced to streamline the procurement process and facilitate analysis – this builds on previous efforts to streamline the procurement review process into a single layer, which has reduced the time taken for procurement below USD 1 million by a month; and for procurement above USD 1 million by 6 weeks.
- Capacity building and professionalisation – 1,500 UN and Government staff have been professionally trained in procurement through UNDP's collaboration with the internationally recognised certification Organisation, CIPS. UNDP has now signed a MoU with CIPS to expand into the domain of partner government procurement capacity development, which will further strengthen the National Implementation Modality (NIM) procurement capacities.
- Collaboration with other UN Organisations – major efforts include, UNDP taking a lead role in the PN vehicle procurement project; discussions with UNOPS on ways to achieve more effective collaboration e.g. within construction work; and at the field level, UNDP Country Offices are taking a lead role in establishing LTAs in several areas such travel, conference services and building maintenance.
- Insurance – UNDP took a lead role in establishing the injury and illness benefit insurance for individual consultants and service contract holders with participation from UNICEF, UNFPA and UNOPS, which will result in substantial savings (more than USD 6 million over 5 years)
- Sustainable Procurement – a UNDP Practice Guide on Environmental Procurement was launched in September 2008. In order to further strengthen sustainable procurement, UNDP is working on an effective green-procurement policy and guidance notes, in collaboration with USAID and the Government of Sweden respectively.
- A pilot e-tendering system has been completed and will soon be launched in the RBEC region.
- Proactive vendor management – a comprehensive review has started for all aspects of vendor management.
- Strategic sourcing – based on a spend analysis, UNDP will expand its LTA policy and establish more LTAs to attain Best Value for Money and to streamline the procurement process.

- Procurement integrity and transparency – UNDP's suspension/vendor eligibility policy has been implemented and vendor protest procedures have been released, including a vendor protest tracking system.
- Standardised solicitation documents (RFQ, RFP, ITB) have been launched, including a simplified RFP document for services valued at above USD100,000.
- Procurement planning – a more user-friendly procurement planning tool is to be developed.

PN Comments

255. UNHCR enquired about the timeframe for the reform initiatives and whether a repository of consultants exists. UNDP responded that the various initiatives have been taking place over an 18 month timeframe and have required an investment of USD 1.5 million – the strategic sourcing project has been most costly as it has involved the hiring of two staff members. UNDP has plans to develop a module within its ERP to roster consultant information.

256. ICAO has been developing a software system for consultants and offered to share information on this.

257. FAO enquired about the availability of solicitation documents in other languages and was informed that French and Spanish documents were in the pipeline.

258. UNDP offered to share further information on its reform initiatives with any PN member that is interested.

259. The PN Chair thanked UNDP for the inspiring presentation, which was identified as one of the presentations with a high level interest from the participants of the session.

XV. SHOW AND TELL: UNFPA'S PLATFORM FOR PROCUREMENT OF REPRODUCTIVE HEALTH COMMODITIES

260. This topic was presented by Dr. Campbell Bright (UNFPA). The full presentation can be found in *Annex 29*.

261. AccessRH (Reproductive Health) is a UNFPA-managed online procurement and information service for reproductive health supplies, which offers NGOs and low and middle income governments efficient access to quality-assured, affordable commodities and increased supply chain visibility.

262. A detailed overview of the www.MyAccessRH.org web portal was provided. Access to the website is free and open to the public. The website has two sections:

(i)   The Review Data section - deals with information to assist clients with planning and tracking procurements, and provides information not just on UNFPA procurement, but also on procurement conducted by USAID, International Planned Parenthood, and others. This is known as the RHInterchange, and it provides information on shipments, their destination, value, quantity, who is funding etc.

(ii)   The Access Supplies section - contains information primarily related to UNFPA's procurement services. This is where the order process is described, the product catalogue (contraceptives, reproductive health kits, medical items & pharmaceutical products) is displayed, and the request for quotation form is available.

263.   AccessRH provides the client with a simplified ordering process and the 8-step process was demonstrated. The total lead time is 5-29 weeks depending on product specifications.

264.   The three main benefits AccessRH aims to achieve are as follows:

- Improved delivery performance for select RH commodities
- Expanded client access to quality, affordable RH commodities
- Enhanced client access to consolidated, up-to-date information relevant for planning, ordering and managing RH supplies procurement

265.   UNFPA reports on key indicators relating to the above expected benefits on a quarterly basis.

266.   Client feedback in 2012 has revealed that a very high percentage was satisfied with delivery time, product quality, product affordability, and service level and communication.

267.   Furthermore, market research has identified that the main incentives for using AccessRH are pricing, range of products, quality, high regard for UNFPA and access to international products.

268.   The same research has identified the barriers that exist as being, upfront payment, local bidding requirements, local product regulations, in-country logistics, customs clearance and language issues.

PN Comments

269.   The UN Secretariat enquired about product liability claims and UNFPA informed that, since it is a service provider, exclusion of liability clauses have been built into its agreements with suppliers.

270.   UNDP queried whether the system could be replicated for other types of commodities. UNFPA responded that the focus for now would remain on RH products and ideally the system should be more advanced and fully automated before ramping up to other areas. There is potential for cooperation with other Agencies, such as UNICEF and its product catalogue, and this may be explored later. In the meantime, UNFPA is open to considering any suggestions that are made.

271.   Further to a query from ICAO, UNFPA informed that its 5% fee is charged on the pro-forma invoice and is used to cover the costs of staff that handle the orders and set up the LTAs.

272.   The PN Chair thanked UNFPA for the very informative and refreshing presentation on their procurement system and related measurement of key indicators and benefits.

XVI.   SHOW AND TELL: CHALLENGES IN UN SYSTEM PROCUREMENT

273.   This session was presented by Ms. Christine Tonkin (IAEA). The full presentation can be found in *Annex 30*.

274.   The presentation looked at some of the key challenges faced by UN System Organisations in managing their procurement effort. These have been identified as the following:

(i) *Positioning the procurement function for maximum effectiveness:* This is the biggest challenge faced by UN System procurement. In times of budgetary constraint, as is the case now, there is an opportunity for the procurement function to add palpable value to the delivery of organisational goals and objectives. However, such positioning involves integration of procurement with programme delivery, which is challenging in itself because it requires the 'selling' of a vision of how the procurement function can maximise value.

(ii) *Delivering efficiencies and best value for money:* Process efficiencies and best value for money are not necessarily achieved in the ways claimed by popular corporate culture mythologies. Unfortunately because the procurement function has not been traditionally very good at identifying the value it adds, others with no procurement credentials are permitted to speculate on where and by how much the gains may be made and on how efficiency dividends may be secured. Identifying and realising the value delivered by the procurement function requires that two considerable challenges are met: being able to measure, monitor and effectively communicate the value we add, and developing and maintaining the very necessary high level of capability to deliver value to our respective Organisations.

(iii) *Measuring and managing functional performance:* A key challenge in the UN System is to invest in consistently measuring, monitoring and reporting procurement performance and there are a number of key inputs influencing this performance. Measuring and managing procurement performance requires the investment of resources to focus attention on addressing the requisite inputs and on establishing and monitoring performance measures. The effort is not trivial, but the improved outcomes more than offset the cost of this input. The challenge for the UN system is to find the motivation and resources to become obsessive about functional performance.

(iv) *Developing capability:* To shift the focus of procurement effort from the traditional transaction processing mode to delivering results in terms of programmatic goals and objectives and best value for money, there must also be a shift in capabilities. The challenge is to identify the capabilities that make the difference in delivering measurable value from procurement effort and to select or develop people accordingly. Developing these capabilities is not just a matter of sending staff on training courses, it is also necessary to provide regular on-the-job opportunities to practice these skills. However, there is a significant return on investment in terms of value delivered by well-trained and confident procurement staff.

(v) *Collaborating in procurement:* There are a number of different forms of collaboration in which UN Organisations may engage with each other, and it is key to engage with programme/technical staff in doing so. To engage effectively requires those in procurement to be proactive in understanding the programmatic goals and objectives, and in convincing programme/technical colleagues where and how the procurement function can add value through collaboration with other UN Organisations. In meeting this challenge UN

Organisations will need to develop and share strategies and tactics for working much closer with technical/programme staff in pursuing collaborative procurement opportunities.

(vi) *Managing risks of fraud and corruption:* The challenge is to better understand the dynamics of supply markets, including supplier perceptions of UN Organisations as customers. This knowledge allows the structuring of approaches to markets that promote transparency in pricing and it reduces the potential for premium pricing by bidders which may mask the inclusion of corrupt payments. By documenting procurement team effort in researching and analysing the requirement, stakeholders' needs and issues and the supply market as a basis for framing procurement strategy, there is reduced scope for the corrupt to manipulate processes to their own advantage.

In-depth analysis and reflection on all of the above challenges can be found in a paper prepared to support this agenda item (see Annex 31).

275.   The presentation concluded that the above challenges can be met by rethinking and repositioning the procurement function. Resources to meet these challenges are needed in a time of budgetary constraint, but the HLCM PN is a valuable resource in supporting a reform process.

PN Comments

276.   UN/PD expressed appreciation for the very inspiring presentation and supports the idea of achieving best value for money early in the procurement process. However, it is often the case that when a case is submitted for review at UN/PD, the review committee recommends further negotiation with the vendor.

277.   IAEA responded that negotiation is an indication of not knowing the market well enough. The better the Organisation knows the market the less likely it is to get premium pricing, and it is therefore recommended to do the research up-front.

278.   ITU faces a challenge with the specifications it receives from its in-house customers in that the lack of detail means having to issue RFPs instead of ITBs.

279.   IAEA has taken measures to address this issue. It has cross-functional teams of procurement and technical/programme staff that critically analyse requirements, thus allowing for adequate specification of needs. Furthermore, IAEA provides training for its staff in specification writing, which has been a very worthwhile investment.

280.   The PN Chair thanked IAEA for the valuable input in this presentation and call to the members to meet rising challenges within their procurement Organisation through collaboration and strategic repositioning via the Network.

XVII.   SHOW AND TELL: UNFPA'S EXPERIENCE WITH THE HARMONISED TABLE OF CONTENTS

281.   Mr. Eric Dupont (UNFPA) briefly presented this topic.

282. UNFPA has recently undertaken a comprehensive review of its procurement procedures and, as part of this, made the decision to incorporate the harmonised Table of Contents (ToC) (see *Annex 32*), developed by the Harmonisation WG, into the procedures.

283. The revised procedures with the harmonised ToC achieved approval in May this year.

284. Prior to submitting the revised procedures for approval, two important measures were taken: (i) buy-in from internal stakeholders was sought via separate explanatory discussions and (ii) the submission focused on the opportunities, in particular, that incorporating the harmonised ToC would encourage more collaborative procurement, which is advantageous to a small Organisation like UNFPA.

285. UNFPA experienced that mapping the existing procedures into the ToC was very easy and required only 1 day of work to integrate.

PN Comments

286. WFP is in the process of re-writing its procurement manual. In doing so, it has taken the FAO manual and the existing WFP one, and mapped both onto the harmonised ToC. The process has been very smooth thus far.

287. UN Women, being a new Agency and therefore starting from scratch with its procurement manual, has been most appreciative of the harmonised ToC, which has made the process much easier and will enhance cooperation with other UN Organisations.

288. UNFPA offered to share its manual with anyone interested.

289. The PN Chair thanked UNFPA for sharing this positive experience of a rapid implementation of this recommendation made by Harmonisation WG, which was endorsed by the PN at its last meeting.

XVIII. HLCM/CEB SECRETARIAT UPDATE

290. Mr. Ronny Lindstrom, the Senior Coordinator of the CEB Secretariat, provided an update (via teleconference) concerning the HLCM.

291. The PN was congratulated on its work and for being the most effective HLCM Network.

292. The work the group is doing on harmonisation at the country level is much appreciated and the WG was commended on almost having concluded Phase I of the project. The CEB Secretariat will contact the Chair of the HBP SC to determine when the proposal for Phase II can be reviewed and a final decision taken on the funding.

293. In relation to Phase II, the CEB Secretariat recommends that the PN continues to ensure that the components relating to the Harmonisation project are included in the SOPs being developed by UNDG for the Delivering as One (DAO) countries, as the SOPs will form the framework for how the DAO process moves forward. The SOPs will be the minimum requirement for a country to be able to term itself DAO, which could potentially mean that there will be 41 countries creating common procurement teams.

294. The HLCM is under continued pressure from the Members States to achieve cost efficiencies. In this regard, the PN is getting credit for the work it has been doing, but the pressure is likely to continue.

295. There is a continued request for indicators and methods for measuring gains, however, the HLCM is aware that the PN is working on this.

296. Tremendous emphasis is being placed on collaboration and it is important that the PN continues its focus on this. In this regard, the kick-off of the Vehicles project is much welcomed.

297. The CEB Secretariat expects the MOU for the UNGM Vendor Registration Reform project to be finalised very shortly and thereafter the funds will be released.

298. In terms of the amount of funding remaining in the Trust Fund administered by the HBP SC, the CEB Secretariat informed that if the Harmonisation project, Phase II and a potential ICT Network project are approved, the funds will be down to around USD 1 million. The CEB Secretariat is hoping that the Trust Fund will be replenished, but urged PN members if when in contact with donors, and if deemed appropriate, to highlight how the PN has been benefitting from the funding to date, and how vital it is in moving the larger projects forward.

299. The CEB Secretariat would be happy to facilitate contact with the ICT Network to discuss the study the PN has done in terms of collaborative procurement of ICT equipment.

300. Finally, the CEB Secretariat expressed appreciation for the good relations it has with the PN Management Board and Secretariat.

301. The PN Chair thanked the CEB Secretariat for the great support provided to the PN and looks forward to continuing working together, and appreciates the offer to facilitate contact with the ICT Network.

XIX. STRATEGIC FORWARD PLANNING

302. The PN Outgoing Chairperson presented the methodology of the Strategic Forward Planning Session. The objective was to identify and prioritise strategic issues that the Network should include in its agenda for the coming 2-3 years.

303. The participants were asked to form five groups. Guided by facilitators, group members were asked to brainstorm and write down their ideas for strategic issues on cards. After that, the cards were posted on the board, grouped together according to their topics and the topics were voted on and prioritised. The group was asked to indicate whether topics should be handled by an existing Working Group, new working group or project team. The top 3-10 topics were then presented to the plenary. It was explained that the outcome would not preclude the PN from responding to other topics that may be identified in the immediate future, but the outcome would serve as the main roadmap.

304. The top priority of the first group was the establishment of definitions, methodology and KPIs for determining benefits, including on-going monitoring and measurement. Other recommendations were: identifying category-based Lead Agencies to lead collaborative

procurement projects; exploring the use of specialised tendering methods for specific requirements e.g. reversed bidding, auction; establishing a PN repository or knowledge database with discussion forum; exploring a mechanism for the temporary exchange of staff within the Network, to expand staff experience; analysing and proposing a model for the common review of tenders based on the 'white paper' of the Harmonisation WG – what type of review makes sense and adds value?; developing a common partner government procurement capacity development package; supporting the use of harmonised e-tendering and other e-platforms; and continuing to reach out to vendors through Business Seminars and other activities.

305.   The second group had as its most important priority by far, the better integration of procurement with programme delivery – developing model approaches, measuring contribution of procurement to programme results etc. Also prioritised by this group was developing guidance on common LTA templates and developing new ways to make the UN business more attractive to suppliers. A more standardised approach to collating procurement statistics was also identified as an area that requires focus.

306.   The third group had the standardisation of procurement documents (T&C, contract templates, tenders documents and policies) as its top issue. The group also highlighted: the need for unlimited common use of LTAs; developing KPIs for measuring procurement performance; sharing and implementing automated tools and platforms, such as e-signature, e-filing etc.; having common contract committees especially at country level; standardisation of equipment, potentially using the vehicles project as a model; create a forum for logistics/supply chain management practitioners; enhancing staff mobility and career growth through a roving procurement officer programme; and aggressively pursue knowledge-sharing to enable implementation of best practices.

307.   The fourth group identified the importance of sharing solicitation templates, contract templates and T&Cs as a top priority. It also highlighted: the need to further develop staff through exchange mechanisms; revising the Procurement Practitioner's Handbook, based on the harmonised Table of Contents; strengthening the UNGM Secretariat; making available the online Sustainable Procurement training course; harmonising low-value procurement thresholds and processes; having a common vendor evaluation and consider introducing supplier performance awards; coordinate the various vendor management initiatives under one group and ensure that initiatives are harmonised and coherent; using procurement as a driver for shared service centres; and harmonising specifications for commonly procured items.

308.   The fifth group had as its top priority developing a strategic approach for vendor management and UNGM, which should include all aspects relating to vendors as well as the vendor eligibility implementation. The group also suggested: developing a 3-year plan for collaborative procurement; defining the goals and actions to accelerate sustainable procurement; harmonised T&C; developing a common methodology for benchmarking procurement efficiency; harmonisation of job descriptions; defining how to drive for efficiency and effectiveness in collaborative procurement; and to find ways to better connect with the other HLCM Networks, especially in terms of requesting funding.

309.   A full overview and grouping of the brainstorming from this session can be found in *Annex 33*.

PN Comments

310.   UNRWA volunteered to carry out a high-level study analysing 'downstream' aspects of Supply Chain Management (warehousing, distribution, shipping etc.) for presentation at the next PN meeting.

311.   IAEA and UNFPA agreed to collaborate on a study on integration of procurement with programme delivery, for completion by December 2012. UNDP offered to join and others were invited to do so well.

312.   The PN Management Board will review all the input provided in the session and revert with a compilation of priorities, which will be shared with the PN, and as appropriate the WGs will be asked to update their work plans. Any proposal for new structures will be presented at the next PN session with a view to reducing strain on existing PN resources if possible.

XX.   OUTSTANDING ISSUES, NEXT VENUES AND CLOSING

New member

313.   The candidature of UN Women was fully endorsed and the Organisation was welcomed as a new member of the PN.

Next Venues

314.   The next PN meeting will be hosted by UN/PD and take place in Entebbe, Uganda, Wednesday, 20 February – Friday, 22 February 2013. UN/PD also proposes holding a business seminar for one day only on Tuesday, 19 February.

315.   Offers to host upcoming PN meetings were received from 3 members and the following schedule was agreed on:

   UNOPS (Copenhagen) - September 2013
   ITC-ILO (Turin) - March 2014
   AfDB (Pretoria) - September 2014

Speakers at next PN meeting

316.   There was strong support from the PN to have the following speakers at the next PN meeting: (i) Mr. Simon Jones, Director UNICC, would like to make a presentation on the mandate, governance and structure of UNICC; where its strengths lie in terms of shared-service ICT delivery; and how UNICC can work with procurement groups within the UN to ensure value for money (which would be the focus of future cooperation), and (ii) Anthony Christino III, Director, Foreign Policy Division, U.S. Department of Commerce, in order to provide a briefing on U.S. export licensing requirements. *(The latter has since informed that due to budgetary constraints his office will be unable to attend the Entebbe meeting, but will be available to attend the subsequent PN meeting.)*

317. There was also support for having a UN legal advisor present at the session on U.S. export licensing requirements. The UN Secretariat will explore this possibility with the Office of Legal Affairs.

Closing

318. The PN Vice-Chairperson presented a summary of the decisions from the meeting (see *Annex 34*).

319. This being the last PN meeting attended by Ms. Christine Tonkin (IAEA), who will retire at the end of 2012, the PN Chairperson commended her for her energy and words of wisdom shared with the Network over the years.

320. The PN Chairperson thanked the PN members for their patience and for the collegial atmosphere during the meeting, and ICAO for being an excellent host.

321. Finally, the UN Secretariat thanked the PN Management Board, the PN Secretariat and ICAO for a successful meeting.