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HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM) PROCUREMENT NETWORK

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Summary of Conclusions of the Third Session of the
High Level Committee on Management's Procurement Network
(12 - 14 March 2008, Amman, Jordan)

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INTRODUCTION and background

1.   The *High Level Committee on Management's Procurement Network* held its spring 2008 session hosted by UNRWA Procurement and Logistics Division, Amman, Jordan on 12 to 14 March 2008 under the Chairmanship of Mr. Paul Acriviadis (Coordinator, Contracting & Procurement Services, World Health Organisation, Geneva), as agreed upon at the 2nd Session of the Procurement Network held in Copenhagen, Denmark, September 2007[1]. A list of participants is provided[2].

2.   The meeting in Amman, Jordan followed the *format* of three working days of closed meetings and discussion for members of the group around an agreed agenda[3].

3.   Proceedings were started with the mandatory *security briefing* by the local UNDSS unit. The unit was represented by Messrs Mohamed Ragaey and Kamal Seddiq. The Network thanked the unit for its efforts prior to and during the meeting.

I.   ADOPTION OF THE AGENDA

4.   The *agenda* as adopted by the Procurement Network included:
   (a) Briefing on the UNRWA procurement operations[4]
   (b) Status report after the partial merger of UNDP/IAPSO into UNOPS and UNDP's Procurement Support Office, respectively
   (c) Progress report from the working group on Developing Country Supplier Access
   (d) Progress report from the working group on UN Procurement Reform
   (e) Progress report from the working group on Professionalism in UN Procurement
   (f) Progress report from the working group on Vendor management including UNGM
   (g) Progress report and discussion on Vendor Suspension
   (h) HLCM PN vision for UNGM as procurement portal for UN organizations and their vendors, and defining UNOPS' role as service provider
   (i) Statutes and working procedures of the HLCM PN[5]
   (j) Greening the UN — Update on the work of the IMG and linkage to the HLCM Procurement Network[6], Greening in Practice at UNOG[7], and Sustainable Procurement[8]
   (k) Show and Tell: Procurement in UNHCR[9]
   (l) Election of Vice Chair and Venue for next meeting.

5.   All *documents* concerning the session and related presentations can be viewed on the UNGM website: http://www.ungm.org/iapwg/.

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[1] Final Report of

[2] List of Participants

[3] Summarised agenda

[4] Presentation by Bryan Walden, UNRWA

[5] Statutes of HLCM Procurement Network

[6] Presentation by UNEP

[7] Presentation by UNOG

[8] Presentation by UNDP

[9] Presentation by UNHCR

II.   BRIEFING ON THE UNRWA PROCUREMENT OPERATIONS

6.   Bryan Walden, Field Officer in West Bank, UNRWA, briefed the Network on UNRWA's procurement operations, highlighting the organizational changes and challenges of the organization.

7.   UNRWA successfully provided its procurement staff with an opportunity to obtain *CIPS certification* in 2005. The HLCM PN Secretariat to circulate relevant presentation to members.

8.   UNRWA reported that it has subsequently lost half of its certified staff as it could not compete with the salaries offered by the private and public sector.

9.   Key performance indicators for procurement — such as on time, in specification and budget — improved from 55% in 2005 to 98% in 2007.

10.   UNRWA is in the process of rolling out a new ERP system, PIMS (Procurement Management System). The system is compatible with its Finance and HR systems.

11.   The new system will allow for the use of LTAs, immediate budget approval which eliminates 2 of the 3 budget approval steps in the current process, as well as the posting or faxing of documents to its offices in Gaza for finalization.

12.   As part of its continued efforts to streamline and improve its procurement processes and procedures, a Procurement Review Team which consisted of both clients, procurement staff and management, has reviewed processes and procedures and made 12 recommendations of which the majority has been implemented. UNRWA was requested to share the mentioned recommendations with Network members.

13.   It was reported that data recorders were installed in all peacekeeping mission vehicles and this has enabled the organization to track vehicles and dramatically reduced the abuse of vehicle use.

14.   UNRWA anticipated the removal of all paper-form fleet management systems within the next two to three months.

III.   STATUS REPORT AFTER PARTIAL MERGER OF UNDP/IAPSO INTO UNOPS AND UNDP'S PROCUREMENT SUPPORT OFFICE

15.   UNDP/PSO and UNOPS jointly briefed the Network on the outcome of the partial merger which came into effect 1 January 2008.

16.   Both organizations stressed the good cooperation and support which enabled them to continue delivering a high level of service its respective stakeholders and clients, and most importantly the Network.

17.   Both organizations briefed the network on which services were respectively provided by each of the organizations. In essence all catalogue item procurement is now done by UNOPS, whilst procurement done by the UNDP Procurement Support Office is limited to that which the organization considers as strategic in terms of its mandate. Membership requested a detailed information note following this meeting for circulation to their respective staff summarizing the mandates and functions of each of the organizations. UNDP and UNOPS will circulate the information by early May 2008.

18.   In terms of the functions related to the HLCM PN and previously held in UNDP/IAPSO, these have been divided as follows:

- UNDP retained the Secretariat function on behalf of the HLCM PN. The Secretariat will continue to support the day-to-day functioning of the Network, maintaining its website and supporting sessions, as well as the coordination of business seminars.

- UNOPS will provide services related to UNGM, i.e. maintenance and development of the system in agreement with the Steering Committee, Network members as stipulated in the document regarding operational modalities. UNOPS was also mandated with the preparation of the Annual Statistical Report.

19.   WIPO expressed its continued concern with regard to the impact of the partial merger and the division of services on this Network and the inter-agency procurement community in general. UNESCO shared its concerns as the implementation of the visions and programmes of work will no longer be centralized in one entity mandated to deliver these services.

20.   A number of organizations also raised the issue of standard training courses, which were previously offered by UNDP/IAPSO. UNDP/PSO reported that it will continue to offer these courses for the next six months. A long-term solution will be dependent on its work plan. Membership will be informed once a clear decision with regard to providing training to other UN organization has been made. A decision is anticipated mid-2008.

21.   The issue of conflict of interest between UNOPS as the UNGM service provider and its own financial mandate was raised. UNOPS explained this was one of the reasons why the UNGM-related roles were separated from the general procurement roles. It recognized the concerns of members and stressed that members should continue to feel free to raise and discuss these issues.

IV.   PROGRESS REPORT FROM THE WORKING GROUP ON DEVELOPING COUNTRY SUPPLIER ACCESS

22.   Mr Paul Acriviadis reported on behalf of the working group that the draft strategy which was approved by membership at the meeting in Copenhagen was forwarded to the HLCM Secretariat for inclusion in its March 2008 session. However, it is required for proposals for funding to be in a specific format and this document will now be submitted for consideration within the next 6 weeks following this meeting of the HLCM PN.

23.   During the discussion on the coordination of business seminars as it relates to UNGM, it was reported that the General Assembly had requested the UN Secretariat to increase procurement opportunities for vendors from developing countries and countries with economies in transition and that the UN Secretariat had obtained funding for travel to attend business seminars focusing on UNPD's efforts aimed at supplier development for suppliers from these countries.

24.   The working group discussed the overlap between the business seminars organized by UNPD at the request of Member States, the efforts of ITC and its mandate, as well as the coordination of business seminars on behalf of Network members by the HLCM Secretariat.

25.   It was agreed that the organization and entities above will work closely to benefit from each others' expertise and complement the respective efforts.

26.   UNPD will share information its planned business seminars with the HLCM PN Secretariat who will distribute the information to other interested organizations.

27.   In cooperation, the current "How to Do Business with the UN" presentation will be updated and refined by end of May 2008.

V.   PROGRESS REPORT FROM THE WORKING GROUP ON PROCUREMENT REFORM IN THE UN SYSTEM

28.   The working group is now chaired by Jacqueline Schroeder of UNPD.

29.   Reviewing the terms of reference agreed on earlier, the working group agreed to map current status of procurement with specific focus on the eight 'One UN' pilot country offices, common procurement rules and a policy related to sustainable procurement.

30.   The Network envisaged analyzing the procurement issues, strategies, needs and outcomes at two of the eight One UN pilot countries. Pilots in Vietnam and Tanzania have been selected due to the level of advancement in Tanzania and the success of the Green Initiatives for Vietnam which could be replicated. UNDP will take responsibility for this initiative. The status report will be complete by end of May 2008 and circulated to membership.

31.   'Greening the UN" efforts will also be dealt with in the working group on Procurement Reform. Deliverables include a policy related to sustainable procurement, training materials and courses, as well ensuring that the specifications for the top 20 items procured by the UN include considerations for environmental and sustainable requirements and are in line with the sustainable procurement policy. Also see para 77-82 of this document.

32.   The working group acknowledged that the harmonization of the Financial Rules and Regulations was outside of its mandate and scope, however, it was agreed to collect these from the individual organizations and provide a summary and recommendation with regard to Rules and Regulations that pertain to procurement to the membership of the HLCM Finance Network.

33.   Organizations were requested to provide the HLCM PN Secretariat with their procurement manuals for a similar summary and recommendation. This work should be done in close cooperation with the working group on Professionalisation.

34.   Membership discussed the overlap between the work of the working group on Procurement Reform and that of the working group on Professionalisation. The working groups will refine their strategies and programmes of work to ensure no duplication of efforts take place.

35.   The working group will prepare a detailed strategy for circulation to membership by mid-June to expedite its programme of work.

36.   The HLCM PN Secretariat was requested to share protocols for contacting other HLCM networks.

37.   Membership agreed that the harmonization of Rules and Regulations were long overdue, however, it also shared the sentiment that unless this initiative is insisted on by member states, other procurement issues would continue to be prioritized and the harmonization of rules and regulations would not be achieved in the near future.

38.   WIPO initiated a request that the information with regard to organisations' procurement authorization levels, etc which was done earlier be updated by the HLCM PN Secretariat by the end of April.

39.   All agencies that have developed generic specifications should send it to the HLCM PN Secretariat. It will be uploaded on UNGM for future use.

40.   The working group is requested to develop a proposal on how to deal with the further development, maintenance and sharing of generic specifications in future for discussion at the next meeting.

41.   IAEA is currently developing specification guidelines and offered to share with members once completed.

42.   Membership agreed that the Practitioner's Handbook should be maintained as a live document. Updating of this handbook should be coordinated by the working group on Professionalisation who was the driving force behind this initiative.

43.   The formation of an additional working group on Harmonization was discussed, but membership agreed that an additional working group would not be formed at this stage as it could potentially disperse already scarce resources and might lead to duplication of work.

44.   Membership appealed for financial support to obtain additional resources required to move on initiatives.

VI.   PROGRESS REPORT FROM THE WORKING GROUP ON PROFESSIONALISATION

45.   The working group under the chairmanship of Mr George Jadoun of ITC of ILO submitted a draft strategy document[10] for consideration by membership.

46.   The working group considered the lack of standardized documents as a major obstacle in providing common procurement training. Discussions around this issue would be incorporated in the revision of the strategy.

47.   Members had difficulty in making clear distinctions between issues relating to harmonization vs standardisation. This is to be addressed through continued work of the working group and should be incorporated in the revised strategy document.

48.   Staff mobility was considered a critical aspect in ensuring continuous training and development of procurement staff. External or inter-agency mobility was favoured and it was suggested that the HLCM PN would contact the HLCM's HR Network and recommend that all procurement staff should be considered as internal candidates to facilitate inter-agency mobility and maintaining skills within the organization.

49.   A recommendation with regard to the standardization of job profiles for procurement staff should also be raised with the HR network. This would also facilitate mobility of staff.

50.   The working group on Professionalisation was considering an on-line course to supplement the Procurement Practitioners' Handbook, as well as providing a platform for procurement staff to share experiences.

51.   Funding for these initiatives will have to be found and the working group will develop a proposal and share with the HLCM PN prior to the next meeting in order to discuss at the September 2008 meeting.

52.   For the purpose of the meeting summary, readers are referred to the status report of the working group on Procurement Reform as some of the harmonization issues have been addressed there.

VII.   PROGRESS REPORT FROM THE WORKING GROUP ON VENDOR MANAGEMENT AND UNGM

53.   Mr Giorgio Fraternale (WIPO) was elected Chairperson for the UNGM Steering Committee.

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[10] Strategy Paper by working group on Professionalisation

54.   UNOPS as the UNGM service provider reported on progress since the partial merger.

55.   UNOPS raised the issue of receiving information on focal points for uploading of procurement notices and IT focal point with regard to streamlining this process. Members committed to providing UNOPS with the required information by the end of the meeting.

56.   It was stressed again that the financing of UNGM would not be improved and could potentially have serious implications for the smaller organization, if organizations failed to upload their procurement notices as per the agreements in South Africa and Denmark.

57.   Uploading of notices is the critical factor in implementing the planned mechanism which would enable suppliers to pay for the value-added service of receiving relevant procurement notices via e-mail. This could not be implemented if there was no significant amount of procurement notices uploaded.

58.   'Operating modalities for Agencies subscribing to UNGM'[11] was prepared, circulated and agreed upon in principle by all members.

59.   The following issues were highlighted and addressed:

- Composition of the UNGM Steering Committee will be 1) a chairperson (rotating between the UN Secretariat, Funds & Programmes as one group and Specialized Agencies as another), 2) two members each from a group of the UN Secretariat, Funds & Programmes and a group of Specialized Agencies, 3) UNGM service provider (non-voting).

- The issue of conflict of interest was addressed by the fact to UNOPS would be a non-voting members in matters concerning UNGM.

- The UNGM Operating Modalities will stipulate that UNOPS as a service provider shall ensure a fire wall between 1) its business services to other UN agencies and 2) its role as UNGM service provider. The HLCM PN also agreed that the steering committee will be an appropriate body to monitor this aspect both in the interest of UNOPS as well as in the interest of UNGM participating agencies.

- The Steering Committee may amend the UNGM 2-year business plan and/or the UNGM 2-year rolling budget, so long as the amendments do not increase the UNGM 2-year budget last approved by UNGM decisions (other than Steering Committee decision) by more than twenty percent (20%) and that the UNGM is 'self-financing'.

- Membership of UN Secretariat and affiliated organizations was clarified. One vote and paying one fee.

60.   UNESCO enquired about the possibility of a tool enabling short-listing directly from information obtained from UNGM. UNOPS would explore options and report to members.

61.   IFAD, although currently using another e-tendering tool, offered to act as test pilot for an e-tendering tool.

62.   Members requested access to historical procurement notices. UNOPS will revert back in this regard.

63.   Data maintenance with regard to LTAs was overdue and members were requested to review information uploaded.

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[11] Operating modalities for Agencies subscribing to UNGM

64.   A dedicated link on UNGM relating procurement's Environmental Issues was requested. UNEP and UNDP would be providing content.

65.   OPCW was welcomed as paying member of UNGM. HLCM PN will contact OSCE and offer it membership of UNGM.

66.   It was confirmed the HLCM PN Secretariat will retain the coordination of business seminars in coordination with the working group on Supplier Access.

67.   A mechanism for follow-up after business seminars to be developed and implemented. This would be addressed to the working group on Supplier Access as a part of its Terms of Reference and discussed at the September meeting.

VIII. PROGRESS REPORT AND DISCUSSION ON OF VENDOR SUSPENSION

68.   Since the last meeting the following actions have been taken: 1) consultation with HLCM Legal Network, and received reply at end January on options for way forward; 2) distributed questionnaire to all members.

69.   To date only 9 organizations have responded. The remaining questionnaires are to be received and analyzed.

70.   The working group will develop a model administrative procedure for the consideration of the larger group, based on the World Bank version for its corporate procurement. Consultations with legal group will be included.

71.   The Network recognized some differences of views that concern definitions and standards for applying sanctions that will need to be worked out, in consultation with the legal group. For example, defining "unethical conduct" or whether and how to recognize sanction decisions of other organizations, with or without further due diligence.

72.   The HLCM PN would develop a proposal for funding from the HLCM to create an information sharing platform within the UN Global Marketplace site, so that all sanctions against vendors (eg, Security Council lists, sanctions lists circulated by various Organizations) can be uploaded and searched by UN procurement staff when procurement transactions or vendor registrations are occurring, in order to protect against unknowingly using suspended companies.

73.   Modifications to procurement documentation, such as registration forms, solicitations, general terms and conditions, would be considered, again in consultation with the Legal Group.

74.   UN Secretariat would share details of link for information on suspended vendors. HLCM PN Secretariat to circulate.

75.   Further discussions around issues such as a post-employment clause preventing UN staff members to be employed by vendors took place. It was suggested that this condition was included in the General Terms and Conditions. Legal implications need to be investigated.

IX.   STATUTES AND WORKING PROCEDURES OF THE HLCM PROCUREMENT NETWORK

76.   The Statutes and Working Procedures were discussed and adopted by the Network.

X.   GREENING THE UN — UPDATE ON THE WORK OF THE IMG AND LINKAGE TO THE HLCM PROCUREMENT NETWORK, GREENING IN PRACTICE AT UNOG, AND SUSTAINABLE PROCUREMENT

77.   At a conference call of the Issues Management Group (IMG) prior to the meeting in Amman the prioritization of a number of issues that will be part of the UNEP programme of work for Sustainable procurement in the UN, was discussed. The results of these discussions were reflected in the UNEP presentation on Sustainable Procurement.

78.   It was proposed that a working group on Sustainable Procurement was created, but after discussion it was agreed that the work on Sustainable Procurement will be incorporate in that of the working group on Procurement Reform with UNEP and UNDP sharing the responsibility for the implementation of initiatives.

79.   The initiatives would include the following activities and timelines will depend on be communicated once the working group has finalized its programme of work by the end of May:

- 1) work on procurement policy and rules, including a standard policy on Sustainable procurement. This policy will have to refer the CEB decision October 2007, move from there and expand to sustainable procurement. This policy will be designed to guide agencies in the inclusion of sustainable procurement in their respective procurement manuals and processes.

  UNEP started work on the UNPS and IFAD procurement manuals and made suggestions to the agencies on how sustainable procurement can be included in their procurement manuals. UNEP would be willing to work on individual manuals on request and guide agencies on how to insert sustainable procurement in their respective manuals.

- 2) Review and recommend sustainable procurement text for General Terms and Conditions.

- 3) Update and extend information with regard to sustainable procurement in the Practioners' Handbook.

- 4) Develop Procurement Tools: UNEP has engaged to develop sustainable procurement guidelines for 10 products for office use by October 2009.

- 5) A guide for sustainable procurement is needed, as well a supporting training programme to raise the awareness and emphasize the importance of and commitment to environmental issues and sustainability.

80.   It was agreed that not to form an additional working group, but to incorporate these efforts into the work programme for the working group on Procurement Reform in order not to spread resources to thin and avoid duplication of efforts.

81.   It was agreed by the Network in general that the support of senior management in each individual agency is critical to address these issues and it requested that this is specifically raised at the HLCM meeting, which was set to take place the following week.

82.   In addition, the Network agreed that funding for these initiatives was critical for implementation and the working group on Procurement Reform was requested to address these issues in its funding proposal and strategy.

83.   UNOG shared the impressive efforts made in Greening UNOG with membership.

84.   Inspired by the efforts of UNOG and the initiatives suggested by UNEP, the Network decided to do a carbon footprint of its meeting in Amman and have a 'green meeting' in Rome.

XI. SHOW AND TELL: PROCUREMENT IN UNHCR

85. The presentation by UNHCR resulted in a lively and informative discussion and members emphasized the importance of these 'show and tell' sessions and requested that it was kept as a standing item on the agenda for future meetings.

86. UNESCO requested UNHCR to share its supply chain manual.

87. UNOG requested UNHCR to share it Rules and Regulations for its Asset Management Board.

88. UNHCR was also requested to share its Regulatory framework with the Network.

XII. ELECTION OF VICE CHAIR AND VENUE FOR NEXT MEETING

89. Mr Paul Acriviadis (Coordinator, Contracting & Procurement Services, WHO) was thanked for his leadership during this important transition phase of the HLCM PN.

90. Mr Dominik Heinrich (previously vice-chairperson and Director, WFP) took over the Chairman role.

91. Mr Michael Cora from UNESCO was elected as vice-chair.

92. It was agreed that the next meeting will take place in Rome.