



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

**Summary of Conclusions of the Tenth Session of the
High Level Committee on Management's Procurement Network**

(28-30 September 2011, Rome, Italy)

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I. INTRODUCTION AND BACKGROUND

1. The *High Level Committee on Management's Procurement Network* (HLCM PN) held its 10th session from 28-30 September 2011 at the premises of the Food and Agriculture Organization (FAO), Rome, Italy, under the Chairmanship of Mr. Vanja Ostojić (Senior Procurement Officer, ILO) with the support of the Vice-Chairperson, Ms. Boi-Lan Lemoine (Deputy Chief, Purchase and Transportation Section, UNOG). The Outgoing Chairperson, Ms. Shanelle Hall (Director Supply Division, UNICEF), represented the PN at the HLCM meeting being held simultaneously in Washington and was, therefore, unable to attend the PN meeting - apart from briefly via audio-conference on the last day. The incumbents of these three positions form the Management Board of the HLCM PN.
2. The meeting was *attended* by 46 colleagues representing 24 of the 40 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*). Two of the Working Groups (Vendor Management and Harmonisation) held separate sessions after the close of the meeting on the last day.
4. In continuation of its *green meeting initiative*, registration was done on-line using a cost-effective, internet-based facility. Paper copies of documentation were limited to a minimum and available documentation was shared electronically.
5. The Chairperson *opened* the proceedings with the observation that several items on the current agenda are the same as those on the agenda at the first meeting of this group (then IAPWG) he attended in 2004. However, the content and overall context of the current agenda items is radically different. Since its inception in 2007, the HLCM PN has adopted new methods of work, clear reporting lines and, as a result, has become a more project-orientated, results-based group. Today it is widely recognised as not only the youngest, but also one of the most active Networks under the HLCM, with several projects being funded as part of the HLCM Plan of Action for the Harmonisation of Business Practices. Nevertheless, he underlined the fact that real challenges lie ahead for the Network; in the context of the current global economic turmoil and the increasing pressure to *do more with less* the PN should also seize the opportunity to promote procurement as a strategic function in the UN.
6. The Vice-Chairperson welcomed the *two newcomers* to the meeting – Mr. Patrick Molinari (ICAO) and Ms. Neris Baez Garcia de Mazzo (CTBTO). She also reflected on a news item on FAO's intranet that focused on the '*power of us*', more explicitly, being with people who are pushing themselves to learn and do more is inspiring. She expressed her confidence in the PN being in a position to do exactly the same.
7. Ms. Theresa Panuccio (Director Administrative Services, FAO) *welcomed* the Procurement Network members to Rome. She also explained that FAO is undergoing a very wide-reaching reform process, empowering field offices, building capacity and focusing on the client.

Collaboration is also high on the agenda and, although the collaboration pursued by the Rome-based agencies has had its challenges, it has greatly motivated the Agencies to continue this work. In terms of the PN, she said that even though some items have been on the agenda for many years, much has been accomplished and many of these important issues, such as collaboration, are now receiving recognition and funding. Ms. Anna Maria Rosati (FAO) was thanked for the support provided in arranging the meeting in Rome.

8. All *participants* introduced themselves briefly and outlined their expectations for the meeting.

II. ADOPTION OF THE AGENDA

9. The PN Chairperson presented the agenda items and highlighted that a number of items *required a decision*.

10. The *Agenda* adopted by the Network is listed below with the relevant annex numbers for supporting documents¹ related to topics:

i. ***Introduction and Background***

Annex 1: List of Participants

ii. ***Adoption of the Agenda***

Annex 2: Summarised Agenda

iii. ***From to Madrid to Rome — Status Report and Overview of Activities***

Annex 3: Presentation ‘Madrid to Rome’ – Kerry Kassow (HLCM PN Secretariat, UNDP)

iv. ***Working Group on Harmonisation***

Annex 4: Presentation ‘Procurement Process and Practice Harmonization in Support of Field Operations’ – Ann Hasselbalch and Alexander Blecken (UNICEF)

Annex 5: Various supporting documents

v. ***Working Group on Supplier Access***

Annex 6: Presentation ‘Supplier Access Working Group Activity Report’ – Ard Venema (UNPD)

Annex 7: Document ‘HLCM-PN Policy on Multi-Agency Business Seminars’

vi. ***Working Group on Sustainable Procurement***

Annex 8: Presentation ‘Sustainable Procurement Working Group’ – Niels Ramm (UNOPS)

vii. ***Working Group on Vendor Management***

Annex 9: Presentation ‘UNGM Self Assessment – Summary Highlights’ – Niels Ramm (UNOPS)

Annex 10: Presentation ‘UNGM Proposed Reform of Vendor Registration Process’ – Niels Ramm (UNOPS)

Annex 11: Document ‘Working Group Terms of Reference’

¹ All documents concerning the session and related presentations can be obtained from the HLCM PN Secretariat at kerry.kassow@undp.org.

- viii. ***Ethics Management***
Annex 12: Presentation ‘How Ethics Offices Support Procurement’ – Joan Dubinsky (UN Ethics Office)
- ix. ***Collaborative Procurement***
Annex 13: Presentation ‘Collaborative Procurement, Vehicles’ – Dominic Grace (UNDP)
Annex 14: Presentation ‘Collaborative Procurement, Cargo and Warehouse Insurance’ – Ramakrishnan Iyer (UNDP)
Annex 15: Document ‘Contracting for Global Freight Forwarding Services’ – Joselito Nuguid (UNICEF)
Annex 16: Presentation ‘Collaborative Procurement in Geneva and Rome’ – Boi-Lan Lemoine (UNOG) and Andrew Lukach (WFP)
Annex 17: Presentation ‘Procurement Spend Analysis’ – Christine Tonkin (IAEA)
- x. ***Working Group on Professional Development***
Annex 18: Presentation ‘Professional Development Working Group’ – Torben Soll (UNDP)
Annex 19: Document ‘UN Agency Focal Points for Job Descriptions’
Annex 20: Document ‘Training Compendium 2011’
Annex 21: Presentation ‘Procurement Training & Certification, UNDP/CIPS’ – Torben Soll (UNDP)
Annex 22: Presentation ‘Seizing and Sustaining the Opportunity – Procurement & Supply in the spotlight’ – David Noble (CIPS)
- xi. ***Show and Tell: Joint UNOPS/CIPS Products***
Annex 23: Presentation ‘UNOPS & CIPS - A partnership aimed at improving procurement and supply chain management in developing country governments’ – Jan Mattsson (UNOPS) and Chris Gallagher (CIPS)
- xii. ***Show and Tell: IAEA Procurement Governance and Performance Management***
Annex 24: Presentation ‘IAEA Procurement Governance and Performance Management’ – Christine Tonkin (IAEA)
- xiii. ***Show and Tell: Network on Procurement Governance and Performance Management***
Annex 25: Presentation ‘Network on Procurement in International Organisations (NPIO)’ – Sergio Benetti (European Space Agency)
- xiv. ***Request from the Chairperson of the Steering Committee on Avian and Human Influenza***
Annex 26: Presentation ‘Request from UN System Influenza Coordinator (UNSIC)’ – Kiyohiro Mitsui (UNPD) and Ramakrishnan Iyer (UNDP)
- xv. ***Vendor Eligibility Project***
Annex 27: Presentation ‘Vendor Eligibility Project Implementation’ – Dominic Grace (UNDP) and Ard Venema (UNPD)
- xvi. ***HLCM PN Membership***
Annex 28: Presentation ‘HLCM PN Membership’ – Vanja Ostojić (HLCM PN Chairperson)
Annex 29: Background paper ‘HLCM PN Membership’

xvii. ***CEB Secretariat Update***

Annex 30: Presentation ‘Briefing to the Procurement Network on the HLCM’ – Ronny Lindstrom (CEB Secretariat)

xviii. ***Outstanding Issus and Closing***

Annex 31: Document ‘Summary of Salient Points’

III. FROM MADRID TO ROME – STATUS REPORT AND OVERVIEW OF ACTIVITIES

11. Ms. Kerry Kassow (HLCM Procurement Network Secretariat, UNDP) provided a *status report and overview of activities* over the period since the Network’s last meeting in Madrid in March 2011. The full presentation can be found in *Annex 3*.
12. Information on the *state of the Procurement Network* was provided. The Network has grown from 110 to 115 members since the last meeting and 40 Organisations are represented. There are 70 core members and 45 non-core members in the Network and it is composed of 60% male members and 40% female.
13. An overview of the *main tasks of the Secretariat* was provided, with emphasis on the work carried out since the meeting in Madrid:
 - Collation of PN Efficiency, Effectiveness & Cost Control activities for HLCM
 - Support to the development of a Policy for Multi-Agency Business Seminars
 - Support to drawing up the project proposal for Collaborative Procurement of Vehicles for the Harmonisation of Business Practices (HBP) Steering Committee
 - Contributing to the conceptualisation of a PN Workspace on UNGM
 - Re-designing and compiling the Training Compendium for 2011
 - Comprehensive update of WG & Project Membership overviews
 - Preparation for the Rome meeting, including coordination of 11 preparatory teleconferences over 6 days between the PN Management Board and WG/Project Chairs
14. The PN Secretariat thanked all who provided input to the above tasks, and Ms. Anna Maria Rosati (FAO) for her invaluable support in planning the meeting in Rome
15. The work of the *PN Management Board* was also highlighted, in particular its representation of the PN at the latest Harmonisation of Business Practices (HBP) Steering Committee meeting, preparation of documentation and representation of the PN at the HLCM meeting in Washington, responding on behalf of the PN to the JIU Note on Procurement Reform, and the Board’s overall support to the Network. The PN Chairperson’s input to the agenda for Rome and work in drafting a paper on HLCM PN Membership, submitted ‘for decision’ at the meeting, was acknowledged.
16. An updated overview of the *Working Groups and Special Projects* was provided, and the groups that have received HLCM funding were highlighted.

17. The PN Chairperson *thanked* all the Working Groups for maintaining the high momentum of activity between the two meetings and the PN Secretariat for participating in and reporting on the WG meetings.

JIU Note on UN Procurement Reform

18. The PN Chairperson provided some *background* information on the relationship between the JIU and the PN. He also explained the structure of the draft Note received in July 2011 and informed that the individual agencies and the PN Management Board provided their comments by end August 2011.
19. In its *feedback* to the JIU, the PN Management Board expressed its support for all recommendations in the Note, in particular recommendations N° 18, 19 and 20, which address the issues of Harmonisation, Cooperation and Collaboration at inter-agency level. The Board also expressed its hope to the JIU that this review will contribute to the process of UN Procurement Reform by recognising the importance of the procurement function, and that the transition of procurement from a back-office to a strategic function will require a change in culture as well as an investment in procurement resources.
20. The PN Chairperson explained the *difference* between a JIU Report and a JIU Note. The former is targeted at the Governing Bodies of Organisations and is translated into six official UN languages, whereas the Note is targeted at Heads of Organisations and only provided in one language. Inspector Terzi of the JIU recommends this document to be published as a Note.
21. A brief discussion revealed that the majority of PN members were also *in favour* of the document being published as a Note.
22. UNESCO expressed concerns that a Note may make it more difficult for the procurement function to raise awareness and position itself as a *strategic function*. UNDP on the other hand believes that there is a unique opportunity right now to move procurement to the forefront and this can be done by *marketing and selling* the function better.
23. It was agreed that the PN Chairperson would provide a *general response* to the JIU following these discussions, acknowledging the anticipated final Note.

IV. WORKING GROUP ON HARMONISATION

24. This Working Group is *Chaired* by Ms. Ann Hasselbalch (UNICEF). The session was co-presented by the Chairperson and Dr. Alexander Blecken (UNICEF), the Project Manager. The full presentation and decision documents can be found in *Annexes 4 and 5* respectively.

Progress Report

25. The WG Chairperson praised the incredible dynamics of the WG and *thanked* all members for their support.
26. An *overview* of the project and its objectives was provided, including highlights from the project inception report. Brief information was also provided on the interviews and survey carried out on the status of harmonised UN procurement.

27. The WG proposed *three items for discussion and endorsement* by the PN members.

Decision (i) UN Cooperation:

28. *The Procurement Network recognises the need to adopt guidance on cooperation among UN entities at all relevant levels of its member entities' regulatory framework.*

29. *The Procurement Network recommends to its members to integrate the 5 specific issues of cooperation with UN entities into their entity-specific procurement manuals based on the template texts provided. The 5 issues are:*

- *Cooperation with UN entities*
- *Exemption from further review*
- *Long-Term Agreement/Framework Agreement/System Contracts*
- *Restrictions when cooperating*
- *Conducting procurement on behalf of other UN entities*

30. Concerns were expressed by a couple of members regarding the issue 'exemption from further review': *when relying on the outcome of another UN entity's procurement process, the procurement process does not have to be reviewed again by the entity-specific review body. ToR of the entity-specific review body should explicitly exclude such action from a further review.*

31. FAO explained how the 'exemption from further review' policy has *worked very successfully* for them in the two years they have been using it, and it allows them to work in a very flexible way with other UN Agencies.

32. Other members also recognised that cooperation cannot be done at the expense of internal controls. Each organisations needs to *respect* its rules, regulations and procedures. The members expressed agreement that there is a need to have standard criteria on risk management and due diligence in order to have a more streamlined and efficient review of each other's procurement actions.

33. ITU was against exemption from further review at least at *HQ level*, whereas FAO believes it's important that HQ takes the lead on this before it gets pushed out to the Field.

34. UNDP suggested that a *business case* which empirically shows the savings in terms of time, money etc. may help to convince risk-adverse managers of the benefits of exemption of further review.

35. UNDP also advised that it had introduced a *Fast Track* procedure for Country Offices, crisis situations etc, which has a standard exemption for agency agreements. It also advised caution on waiving further review in piggybacking situations.

36. It was agreed that this provision should be re-worded to allow agencies greater flexibility.

37. **Endorsement:** The PN members accepted the proposal made for UN cooperation and *amended the text* as follows:

38. *The Procurement Network recognises the need to adopt guidance on cooperation among UN entities at all relevant levels of its member entities' regulatory framework.*
39. *The Procurement Network recommends to its members to integrate the presented issues on Cooperation with UN entities, Long-Term Agreement/Framework Agreement/System Contracts, No restrictions when cooperating, and Conducting procurement on behalf of other UN entities into their entity-specific procurement manuals based on the template texts provided.*
40. *The Procurement Network recommends to its members to specify the conditions under which a secondary procurement review may be waived, e.g. when cooperating with other UN entities through Joint Solicitation, Re-Use of another UN entity tender result, UN-Entity Contract or Agreement and Procurement from a UN Entity, while ensuring appropriate internal control.*

Decision (ii) Guidelines for Harmonised UN Procurement:

41. *The Procurement Network endorses the presented principles for the revision of the Guidelines for Harmonised UN Procurement at the Country Level and tasks the WG Harmonisation to present the revised version of the Guidelines at its 11th meeting.*
42. *FAO advised seeking input from staff in the Field when formulating the step-by-step instructions in the Guidelines.*
43. **Endorsement:** *The Network members agreed with the above proposal as presented.*

Decision (iii) Supplier Code of Conduct:

44. *The Procurement Network supports the use and implementation of a common Supplier Code of Conduct.*
45. *The Procurement Network recommends to the individual agencies to adopt the existing UN Supplier Code of Conduct*
46. *ILO advised that in the current Supplier Code of Conduct the relationship between international labour standards and responsibilities of suppliers is not well expressed and the summaries of some of the Labour Conventions need to be improved. ILO expects to be able to propose amendments within 1-2 months and hopes that other UN organisations will adopt them in a revised Supplier Code of Conduct.*
47. *Both WIPO and UNOPS expressed the need to be specific in terms of business relations with suspect vendors, so that it is clear that it is supply relations which are being referred to.*
48. *UNDP agreed to adopt the Supplier Code of Conduct as long as it complies with UN General Terms and Conditions.*
49. *UNDP also questioned how the Code of Conduct should be applied to subsidiaries. UNPD advised that it had recently received legal feedback on this and, after the session, circulated this correspondence to the Network.*

50. **Endorsement:** The Network members agreed to adopt the Supplier Code of Conduct pending the amendments to be made by ILO, and it will be presented for acceptance at the next PN meeting.
51. The WG Chairperson concluded the presentation by giving an overview of the next steps of the Harmonisation project, which included the deliverables and topics for the next PN meeting and the potential prioritised work areas moving forward.
52. The PN Chairperson *commended* the WG on the progress they have made and encouraged the WG to maintain the dynamics and practical approach while moving this project forward.

V. WORKING GROUP ON SUPPLIER ACCESS

53. Mr. Ard Venema (UNPD), Chairperson for the Supplier Access Working Group, *presented* this topic. The full presentation can be found in *Annex 6*.

Progress Report

54. The first part of the presentation was an *Activity Report* from the Working Group, which included an outline of the objectives of business seminars, an overview of the WG members, what Business Seminar activities encompass and the benefits thereof. This was followed by an overview of the Business Seminar activity for 2011.

Policy for Multi-Agency Business Seminars

55. The second part of the presentation focused on the *harmonisation* of Business Seminar coordination efforts and in that regard a HLCM PN Policy for Multi-Agency Business Seminars was presented for decision. The amended Policy document can be found in *Annex 7*.
56. The Policy was initiated by previous members of the SAWG in 2010 in order to streamline and regulate the Multi-Agency Business Seminars. After the PN meeting in March 2011, the new members of the SAWG further *enhanced and finalised* the draft policy.
57. The main *highlights* of the Policy are as follows:
58. **Objectives:** (1) Identify & register potential suppliers through UNGM and (2) Organise Business Seminars and increase opportunities in developing countries and countries with economies in transition, as per GA resolutions.
59. **Principles:** (1) Generic procurement principles and (2) Participation only in ‘not-for-profit’ events through governmental agencies.
60. **Frequency:** (1) Industrialised Countries may organise a Business Seminar maximum once every two years. (2) Developing Countries & Economies in Transition maximum once per year. (3) Multiple Country Seminar maximum once per year. (4) The same rules apply to ‘Visits’ to UNHQ locations, which are to be coordinated by HQ staff of each organisation.
61. **Priority** will be given to Developing Countries and Economies in Transition

62. **Cost of Travel and Accommodation:** (1) In the case where the Host country is an Industrialised Country, they will bear the costs for travel and accommodation. (2) In the case of Developing Countries & EIT, if the UN have funding for the activity they will bear these costs.
63. **Roles & Responsibilities:** (1) All UN Agencies shall inform the HLCM PN Secretariat if they have received a request or proposal from Member States to organise or participate in a Multi-Agency Business Seminar. (2) The HLCM PN Secretariat shall coordinate the Multi-Agency Business Seminars on behalf of the participating agencies, and shall disseminate information regarding upcoming Business Seminars to the focal points in each of the participating agencies. (3) Visits from Member States and suppliers from their country to UN Headquarter locations shall be coordinated by the participating agencies at the specific location.
64. Finally, *other initiatives* the WG will be focusing on moving forward were outlined, such as updating the Instructions for Organising Entities, publication of Business Seminars on the UNGM website and collaboration with the International Chamber of Commerce/World Chambers Federation to organise seminars focused on training Chambers of Commerce.
65. Several Network members expressed their appreciation of the new Policy.
66. UNHCR asked if any performance indicators would be established to measure the *effectiveness* of Business Seminar activities. The WG Chair confirmed that this would be part of the WG agenda in moving forward.
67. UNFPA questioned the *regional aspect* of Business Seminar activity and was advised that a regionally held Business Seminar would count towards the quota for the country in question. The organisers of events are advised by the PN Secretariat to confer with regional and national counterparts when planning an event.
68. Some members were concerned with setting the appropriate *expectations* of host countries and suppliers i.e. there is little point in engaging suppliers of a country in a Business Seminar if the market is not relevant to UN needs. The PN Secretariat advised that when a Multi-Agency Business Seminar is in the planning phase, the hosts are recommended to research the market well and identify suppliers that have a match with the goods/services procured by the UN Agencies. Likewise, UN Agencies should vet the proposed suppliers before committing to attending a Business Seminar.
69. UNPD highlighted the importance of the aspect of *goodwill* towards the Member State by agreeing to participate in a Business Seminar.
70. UNOPS suggested that UN Agencies, particularly when working collaboratively, be more *proactive* in expanding their market knowledge and actually arrange their own, targeted business seminars.
71. The aspect of 'for profit' commercial events was discussed. There was agreement that UN procurement staff should not participate in such events in a procurement capacity, but that it could be relevant to attend for other purposes e.g. gaining market knowledge, networking etc.
72. **Endorsement:** With some minor amendments made to the text, the Network members *endorsed* the Policy for Multi-Agency Business Seminars.

73. The PN Chairperson *thanked* the WG on the progress made and encouraged the WG to ensure that the outreach to vendors through the Business Seminars meet the goals of the Network members as well a focusing on vendors from Developing and EIT countries.

VI. WORKING GROUP ON SUSTAINABLE PROCUREMENT

74. The Working Group is *Co-Chaired* by Ms. Isabella Marras (UNEP) and Mr. Niels Ramm (UNOPS). The former was unable to attend the meeting in person (she joined by audio-conference), therefore, Mr. Niels Ramm presented the progress report. The full presentation can be found in *Annex 8*.

Progress Report

75. The Sustainable Procurement (SP) *Guidelines* on Freight Forwarding, Generators and Greenhouse Gas (GHG) Offsets have been finalised and published on www.greeningtheblue.org and on the UNGM.
76. The Sustainable Procurement Guide, *Buying for a Better World*, by signatories UNEP, UNOPS, ILO and ITC ILO has also been published. The goal of the Guide is to provide arguments in favour of SP and a structure to plan and implement it. It is targeted at interested Agencies as much as individual procurement personnel.
77. The *next steps* of the WG were also highlighted and include, approval of a Strategic Plan on Sustainability Management by senior officials, completing remaining SP Guides, Communications initiative, working on a life cycle costing concept and how this could help promote SP, assistance with specific tenders from a SP perspective and continuing SP training upon request.
78. The Network members expressed their *appreciation* of the very useful guidance the WG has provided.
79. UNFPA were interested to know to what extent the WG can provide *guidance* during specific tendering processes.
80. IAEA expressed an interest in receiving *guidance* in the area of radiotherapy equipment, life-cycle costing etc.
81. The WG Chairpersons advised that they would be happy to provide guidance in so far possible and, if need be, refer to other *specialists or consultants* for further advice.
82. UNOPS highlighted the need for specialised *training in communicating* on SP, particularly when operating at government level where SP issues are often avoided. Strategic advice and support on this from the WG would be much appreciated.
83. The PN Chairperson *commended* the WG on the progress made, and encouraged it to maintain open lines of communication with the Network and continue to use tools such as the UNGM as a means to disseminate information on SP.

VII. WORKING GROUP ON VENDOR MANAGEMENT

UNGM Self-Assessment

84. The Vendor Management Working Group and UNGM Steering Committee (SC) is *Chaired* by Mr. Giorgio Fraternali (WIPO) who presented the findings from the recently carried out UNGM survey ('Self-Assessment'). The full presentation (which includes the assessment results) can be found in *Annex 9*.
85. At the meeting in Madrid, the PN members agreed that the SC should (i) request feedback from the PN members on key functionality or utility matters of the UNGM, (ii) compile and analyze the feedback and (iii) present the analysis to the PN for review before a decision is made on changing functionalities of the UNGM.
86. A total of 20 out of the 26 UNGM Member Agencies responded to the survey and the overall results were positive – the survey provided very informative and useful insight to better formulate and focus UNGM SC strategy.
87. The *salient strengths* of the UNGM were identified as follows:
- Provides easy and fair access to UN procurement opportunities to all vendors
 - Central entry point to UN procurement community & information portal - great opportunity for harmonisation of procedures
 - Widely-recognised vendor platform, valuable tool for market research, including Kompass access
 - Cost-efficient means to manage front end of the vendor management process
 - Consolidates vendor information in one location, providing ease of access by UN Offices worldwide
88. The *salient weaknesses* of the UNGM were identified as follows:
- Current vendor registration process on the UNGM is too complex and time-consuming
 - Utilisation by UN Agencies is varying and inconsistent
 - Documents uploaded by vendors are not kept up-to-date
 - Financing mechanism
 - Lack of supplier performance evaluation
89. The SC Chairperson reminded that the UNGM not only serves as a tool for the UN, more importantly it is there to serve the *business community*.
90. ITU commended the work of the UNGM SC and the progress made, but appealed for any development work that is carried out to be done so without any increase in *financing* by the members.
91. **Endorsement:** The PN *endorsed* the report made by the UNGM SC and the conclusions of the Self-Assessment survey.

Proposed Reform of Vendor Registration Process

92. The UNGM Project Leader, Mr. Niels Ramm (UNOPS) presented the Proposed Reform of the Vendor Registration Process. The full presentation and TOR can be found in *Annexes 10 and 11* respectively.
93. A reform of the UNGM vendor registration is proposed for a *variety of reasons* (many identified in the recent self-assessment). From the vendors' perspective the current registration process is complex, a duplication of efforts is required, responses from the Agencies are inconsistent and Agency response time is very long in many cases.
94. The *main principles* of the proposed new registration process are as follows:
- Establish a UNGM basic (simplified) registration level, valid for all agencies
 - Establish subsequent qualification levels
 - Establish automatic controls and common repository of vendor documents
 - Re-consider the definition of Global and Local vendors
95. Each of the above was explained and the various benefits presented. After which the following *action plan* was proposed:
- Create a Sub-Working Group (SWG) to refine the details
 - Collaborate with the Harmonisation Working Group
 - Prepare a Business Case to be presented at next PN meeting
 - Present the final proposal to HLCM HBP Steering Committee for funding
96. The proposed reformed Vendor Registration initiative was *widely welcomed* by PN members. Many agreed that it would solve a lot of internal administrative problems and would result in a much higher level of satisfaction in the vendor community. Many members expressed an interest in joining the proposed SWG.
97. ICAO informed that their extensive vendor database went through a *similar reform* 3 years ago and the results were very satisfying. They are willing to share lessons learned.
98. IFAD, who is a member of the UNGM SC, assured that any changes that are made in the UNGM registration process will be reflected and implemented in the *e-tendering* software In-Tend.
99. The SC Chairperson also *clarified* that the SWG would be under the management of the UNGM SC.
100. UN/PD informed that by the end of October they will be launching a *UN procurement 'app'*, which, linked to the UNGM, will allow vendors to register directly via their Smartphones.
101. **Endorsement:** The PN endorsed the proposal made by the UNGM SC and the decision to create a SWG on the reform of the Vendor Registration process.

Commodity Coding: UNCCS to UNSPSC update

102. The UNGM Project Leader advised that this project has been slightly *delayed* as some issues surrounding the mapping of the codes have been encountered. These issues are currently being rectified.
103. Meanwhile the UNGM is being prepared for *translation* to French and Spanish.
104. The database is expected to be *using* the UNSPSC and the UNGM text pages to be available in English, French and Spanish by the beginning of 2012.
105. UNRWA enquired about the costs of introducing *Arabic* as another language. The UNGM Project Leader advised that this could be done if a member has the internal resources to carry out the translation work. He will check with GS1 (who administers the UNSPSC) as to the status of providing the UNSPSC codes in Arabic.

PN Workspace on UNGM

106. It was agreed at the last PN meeting that a *platform for sharing* PN-related documentation was highly desirable and the UNGM was identified as a potential means for establishing such. Therefore, the UNGM Project Leader, in collaboration with the PN Secretariat, developed a concept for how this Workspace could function.
107. The UNGM Project Leader presented a *mock-up* of the proposed Workspace, which would include the following functionalities:
 - A structured area for all documentation concerning any upcoming PN meeting
 - An archive of all past meeting documentation, separated by meeting (the above would move into the archive once the meeting has passed)
 - A space for each Working Group, with archiving possibilities
 - An overview of PN members and WG/Project members
 - Member profiles with contact details, photo etc.
 - Forum for launching discussions, queries etc.
 - Survey/poll feature
 - Event calendar
 - Gallery (photos)
 - Bulletin board with latest posts, news etc.
 - Search option
108. *Timing and resources* were discussed and the UNGM Project Leader advised that it would most likely take one developer 5-6 months to implement the main features, but that it could be done in a phased approach. Prioritisation would need to be discussed within the UNGM SC. The costs for the project would fall under the UNGM regular funding.
109. The alternative option of using UNDP's already established *Teamworks* communication platform was suggested. The PN Secretariat advised that this option has been explored, but Teamworks unfortunately does not permit access to all Organisations that are part of the PN, nor does it have any structured archiving facility.

110. The UNGM Project Leader stated that the development of the Workspace should be integrated into the UNGM workplan for the coming 6 months.
111. The PN *welcomed* this excellent initiative, which would greatly improve the efficiency of communication and access to information for the Network.
112. The PN Chairperson *commended* the WG on the progress made, and looks forward to the proposal for the reform on Vendor Registration, the presentation of the Business Case at next PN meeting, the availability of UNGM in three languages in 2012 and the development of the platform for the PN workspace.

VIII. ETHICS MANAGEMENT

113. Further to the Show and Tell item on the '10 Red Flags in Procurement' by Mr. Michael Dudley of the UN Office of Internal Oversight Service at the last PN meeting, it was agreed that the UN Secretariat would provide a presentation on *Ethics Management* at the PN meeting in Rome. Ms. Joan Dubinsky, the Director of the UN Secretariat's Ethics Office kindly agreed to make a presentation by video conference at the meeting. The full presentation can be found in *Annex 12*.
114. Ms. Dubinsky's presentation was focused around how the UN Ethics Offices *support procurement*. She gave a brief explanation of what Ethics is about and described the Charter of the UN Ethics Office, its 5 mandates from the GA and how these have become 5 service lines: Ethics advice; protection against retaliation; outreach, communication & training; financial disclosure, and coherence. The presentation also encompassed ethics in procurement issues and the type of independent ethics advice that the Office can provide to procurement e.g. in the areas of vendor reinstatement, corporate ethics & compliance and anti-corruption.
115. The PN Chairperson *thanked* Ms. Dubinsky for her comprehensive and informative presentation, which complemented well the presentation made by Mr. Michael Dudley in Madrid.
116. The PN Chairperson enquired as to what extent the UN Secretariat's *training courses* on Ethics in Procurement are to be deployed to other UN Organisations. Ms. Dubinsky advised that there is an online module available specific to procurement in the UN Secretariat and sharing this with the wider UN system could be explored. She also advised that customised training courses and workshops could be offered. Requests for such can be directed to Ms. Dubinsky through an Agency's local Ethics Office.
117. The logic of limiting the *Financial Disclosure Programme* (FDP) to spouses was also discussed. Ms. Dubinsky advised that the reason for this is that spouses are the most obvious person for wealth to be shared with. Disclosure may also be requested from dependent children, but resources do not allow for other kith and kin to be part of the programme.
118. Ms. Dubinsky clarified that full financial disclosure is carried out at the *discretion* of the Executive Head of the Agency, perhaps in consultation with the Ethics Office.
119. In response to a query that was raised about *public financial disclosure*, Ms. Dubinsky explained that pressure is increasing from Members States for more information to be publicly

disclosed. At present the Secretariat has a voluntary disclosure policy for all ASGs (there are 170 of them) and above. On the one hand, as International Civil Servants there is an obligation to be as transparent as possible in terms of revealing private financial information, but on the other hand, there needs to be a level of confidentiality and privacy that will not prevent the UN from being able to attract staff of the calibre it needs. The aspect of public disclosure is very much work in progress - the UN Ethics committee is currently working on a proposal on how this issue can be tackled, which will then be presented to the SG.

120. Ms. Dubsinsky also advised that the rules regarding *post-employment* with the UN, or 'revolving door' rules, are currently being looked at and clarification is expected in due course.

IX. COLLABORATIVE PROCUREMENT

Vehicles

121. The Coordinator of the Collaborative Procurement of Vehicles Project, Mr. Dominic Grace (UNDP) presented the work of this group. The full presentation can be found in *Annex 13*.
122. After providing the background, objectives and expected benefits of the project, the Coordinator gave an update on *progress to date* – following the PN meeting in March a Concept Note was drafted and circulated to the PN. This Concept Note formed the basis for a full Project Proposal, which was submitted to the HBP Steering Committee and subsequently approved for funding.
123. The Project will be divided into *three phases*:
 - Phase I – Data Gathering and Feasibility Study (3-6 months)
 - Phase II – Proposal Development and Sign-off (6 months)
 - Phase III – Implementation of Consolidated Procurement (6 months)
124. The Coordinator highlighted the *next steps* for the group, which include engaging the support of INSEAD for expertise and hiring a team leader to run the project. He also outlined the risks involved with the project – potential change for some Organisations in the way vehicle procurement is done, availability of accurate data, standardisation of vehicles, and successful recruitment of a team leader/technical specialist.
125. The PN Chairperson highlighted that *expectations* for this project to yield results are very high and that it is important that adequate resources are dedicated to it. He appreciated that the project focused on other expected benefits as well as potential cost savings.
126. UNOPS agreed with the above and highlighted the need to scope out the *benefits* at an early stage, consider the costs involved in implementing them and managing expectations. They also underlined the importance of education and training of users in terms of matching brands/models with needs. UNOPS is willing to continue providing *technical expertise* to the project group and to assist in finding leadership in terms of procurement planning.
127. UNHCR agreed that the psychological aspects or *resistance to change* can be a challenge and are experiencing this at present as they try to standardise their vehicle types. They will be

connecting their project with this one. They also suggested adding fuel procurement to the scope of this project.

128. IAEA underlined the importance of having appropriate post-sale service and support and understanding *how the market works* in various countries and regions.
129. UNPD was concerned about being able to meet the *expectations* of the project, but commended the group on its vision.
130. UNFPA supported the initiative and enquired as to the possibility of having one organisation *managing inventory* on behalf of others in certain locations.
131. WFP also supported the project and are willing to provide input. They encouraged *learning* from the past experience of others, such as IAPSO. They also believe it is important not to anticipate any of the outcomes of Phase I – indicating the direction the project could take may risk alienating some Agencies. Others agreed that Phase I should be embarked upon with an open mind.
132. UNICEF endorsed the recruitment of a team leader and pointed out that Phase I could at the very least result in valuable *learning and sharing* of knowledge and best practices.
133. The Coordinator concluded by reiterating that the potential for *savings* in this areas is huge, but that moving forward will be dependent on the result of the data gathering and analysis exercise of Phase I – the project will very much be a *step-by-step* collaborative process. In terms of standardisation, the expectation is to create ‘pockets’ of standardisation as opposed to standardising to one model. He also assured that pre-positioning of vehicles in various locations will be examined, as well as service and maintenance support networks.
134. The PN Chairperson thanked the Coordinator for the work done by the collaborative procurement WG on vehicles and looks forward to an update of the results at the next PN meeting.

Cargo and Warehouse Insurance

135. The Coordinator of the project, Mr. Ramakrishnan Iyer (UNDP), gave a *brief overview* of the project and its status. He advised that data analysis and market research have now been carried out. Subsequently, the RFP is expected to be launched in November and contracting in place by March/April 2012. The full presentation can be found in *Annex 14*.
136. The Coordinator advised that the group had benefited from the *experience and advice* from others such as UNHCR and the UN Secretariat and is open to further input from others.
137. UNOG informed about a study carried out by the Common Procurement Activities Group (CPAG) in Geneva in terms of *property insurance*, which turned out to be non-conclusive due to the Agencies having differing needs, risk levels etc.
138. UNHCR expressed an *interest* in the work of this group, but will await the results of the RFP before deciding whether or not to join.

139. The PN Chairperson thanked the Coordinator for the work done by the collaborative procurement project group on Cargo and Warehouse Insurance and looks forward to an update of the results of the planned tenders at the next PN meeting.

Freight Forwarding

140. The Coordinator, Mr. Joselito Nuguid (UNICEF), provided an *update* on this project, which has now concluded. A summary document can be found in *Annex 15*.
141. The project resulted in contracts for *sea freight* being awarded in July 2011 to 4 companies: Kuehne & Nagel, DHL, Scan Global Logistics and DAMCO. For *air freight*, contracts with Kuehne & Nagel and Scan Global Logistics will be effective from 15 November 2011. The contracts UNICEF have signed are valid for 2 years, plus 3 option years, which means they could potentially run until 2016. The contracts will be posted on the UNGM and anyone interested in accessing further details of the tendering process is welcome to contact UNICEF.
142. The PN Chairperson thanked the Coordinator and the working group for their efforts to complete the collaborative procurement project on Freight Forwarding.
143. IAEA have experienced important benefits of, and highly recommends, procuring on *FCA basis* from suppliers. By using its own freight forwarder as opposed to the supplier's, IAEA has a much greater visibility of the cargo, access to delivery information etc.
144. The PN Chairperson requested the Coordinators of the various projects to report to the PN Management Board on the *cost savings* gained from these collaborative projects.

Collaborative Procurement in Geneva and Rome

145. The Common Procurement Team (CPT) in Rome and Common Procurement Activities Group (CPAG) in Geneva gave a *joint presentation* of their history, composition, methodology, collaborative procurement projects, efficiency & cost avoidance methodologies, and benchmarks. The full presentation can be found in *Annex 16*.
146. FAO pointed out that the work they have done within CPT has been very much driven by the procurement staff, which highlights the *strategic role* and value-add of the procurement function to the Organisation. They also underlined the importance of being able to report back to the Members States on savings made and therefore it's an advantage to have good relations with budget staff who can assist in pulling complex data from systems.
147. UNDP, UNFPA and UNOPS expressed an interest in receiving *further advice* and information from the CPT and CPAG teams since these Copenhagen Agencies will be moving into shared premises at the end of 2012. UNOPS was keen to receive input on any energy-based initiatives that have been undertaken.
148. IFAD pointed out that the location-based collaborative groups have very *similar issues*, therefore, it makes sense to work together cross-locations and replicate where relevant.

149. The PN Chairperson reconfirmed that collaborative procurement initiatives would be a *standing agenda item* at PN meetings and, moving forward, urged those involved to focus their presentations on very specific issues so as to present information that is not already known.

Procurement Spend Analysis

150. At the PN meeting in Madrid in March, Ms. Christine Tonkin (IAEA) kindly offered to undertake a UN procurement spend analysis. The *main purpose* of which was to analyse the UN Agencies' procurement expenditure and identify categories that may be suitable for further collaboration. The presentation included a description of the framework used to analyse the data, the actual analysis process and result. The full presentation can be found in *Annex 17*.
151. Unfortunately the quality of the data submitted was poor and there were many *inconsistencies*. The data collection exercise also pinpointed that there are inconsistencies on how data is reported in the Annual Statistical Report (ASR). Nevertheless, IAEA is willing to engage in another round of data collection in order to achieve the results needed to move the project forward.
152. UNOPS suggested focusing on a few *specific categories* where opportunities for collaboration are likely and go into depth on analysing those.
153. UNPD explained the challenge it faces in pulling *data* from its 1800 legacy systems, whereas UNDP is confident of being able to provide more accurate data next time around, having recently switched to the UNSPSC (product coding) system.
154. UNESCO raised concerns about the inconsistency of data reported in the ASR. For instance, UNDP reports on procurement of individual consultants, since this is subject to a full procurement process (as clarified by UNDP), where as others do not because for them this is an area managed by HR.
155. The PN members agreed that the proposal for redeveloping the ASR, previously submitted to the HLCM, would be reviewed. This will be coordinated by Mr. Ard Venema (UNPD) in collaboration with Mr. Niels Ramm (UNOPS) and Ms. Christine Tonkin (IAEA). Given that the ASR is subject to increasing attention from Member States and higher levels in the UN, UNOPS suggested forming a sub-working group to focus on the improvement of it. Mr. James Provenzano (UNOPS) offered to Chair the group should it be formed
156. The PN Chairperson urged all members to *support* this very worthwhile data collection initiative being undertaken by IAEA, and hoped for a more positive outcome in the second round of consultation, the result of which will be presented at the next PN meeting.

X. WORKING GROUP ON PROFESSIONAL DEVELOPMENT

157. The Working Group is *Chaired* by Mr. Torben Soll (UNDP). The full presentation can be found in *Annex 18*.

Progress Report

158. Since the last PN meeting three Sub-Working Groups (SWG) have been formed under the Professional Development Working Group:

(i) *Knowledge Sharing*, led by Ms. Christine Tonkin (IAEA)

This group is currently analysing *who* knowledge should be shared with – and *why, what* knowledge should be shared and *how* the knowledge is going to be shared. The UNGM is being examined as a potential platform for peer-to-peer knowledge sharing on best practices, innovative approaches and job descriptions. Furthermore, the group is in contact with the Harmonisation Working Group who also has an interest in establishing a Community of Practice for sharing knowledge.

(ii) *Job Descriptions*, led by Ms. Lena Romer (UNICEF)

After having developed generic Job Descriptions (JDs), the WG agreed that before moving ahead with trying to harmonise specialised JDs, a more simple approach should be taken. As a first step, the group has identified a network of JD *focal points* within PN member organisations (see *Annex 19*). The objective of the network of focal points is to share and consult on JDs. The intention is also to share JDs via the proposed UNGM Knowledge Sharing platform and consult with the HR Network as required.

(iii) *Training Courses*, led by Torben Soll (UNDP)

Most of the larger PN member organisations offer staff training/qualification/certification programmes and many smaller members are joining established programmes on an individual basis. In order to provide a clear overview of all courses on offer, the PN Secretariat has revamped and updated the *Training Compendium* for 2011 (see *Annex 20*). The Training Compendium will be an ongoing initiative.

159. ILO, a member of the JD SWG, *informed* that to date only 16 Agencies have designated a JD focal point and encouraged the remaining members to do so as soon as possible.
160. In terms of the Knowledge Sharing initiative, UNFPA enquired as to the possibility of linking to the *CIPS knowledge database*. Currently individual CIPS membership is required to access the database. Mr. Chris Gallagher from CIPS advised that they would be willing to consider making a special arrangement with the UN. He agreed to revert to the WG Chair with further information in due course.
161. The PN Chairperson *commended* the WG on the progress made and for working with the other groups (UNGM and Harmonisation) on issues of common interest. He also asked the group to bear in mind that the CEB (HLCM) Secretariat has offered to assist, if necessary, in establishing contact with the HR Network.

UNDP/CIPS Procurement Certification Programme

162. Mr. Torben Soll (UNDP) gave a brief presentation of the CIPS certification programme offered by UNDP. The full presentation can be found in *Annex 21*.
163. The objective of the UNDP/CIPS certification is to provide faster, more economical and customised procurement certification – reflecting common UN/public procurement procedures,

policies and practices – compared to existing products on the market. UNDP currently offers CIPS certification levels 2, 3 & 4. Around 20 PN Member Organisations are using the customised UNDP/CIPS certification programme and 1000 students have progressed through Level 2 since the launch of the programme in 2010.

164. IAEA's experience is that results are good and the knowledge is well retained by its staff because they are allocated *adequate time* for preparation and study during working hours.
165. UNOPS expressed recognition of the UNDP-led CIPS programme and congratulated the many Agencies that had joined in by certifying their staff. UNOPS had already last year enrolled over 80 of its senior-most procurement professionals in the CIPS standard level 4 programme and staff have already been certified at level 5 and 6. However, with UNDP's adapted level 4 in place, UNOPS would seriously consider enrolling additional staff in this programme as it is more applicable to the UN procurement environment.

Presentation by CIPS – 'Seizing and Sustaining the Opportunity'

166. Mr. David Noble, CEO of CIPS showed a brief film about the company, followed by a presentation focused on *procurement function* in the time of economic downturn and crisis. The full presentation can be found in *Annex 22*. Particular highlights from the presentation were that focus is very much on the procurement profession at this time and the performance bar has been raised considerably.
167. UNRWA commented that CIPS is increasingly being referred to in *job candidates'* application forms, but that in reality some candidates do not seem to have the corresponding level of knowledge. CIPS recommends, if in doubt, to request the applicant to submit a copy of their exam certification, bearing in mind that certification is only proof of passing the exam and not necessarily that the knowledge is retained.

XI. SHOW AND TELL: UNOPS/CIPS PRODUCTS

168. Mr. Jan Mattsson (UNOPS) introduced this session on the *partnership* between UNOPS and CIPS, which aims at improving procurement and supply chain management in developing country governments. The full presentation can be found in *Annex 23*.
169. Mr. Chris Gallagher of CIPS then gave a presentation of UNOPS and CIPS co-branded services, which are composed of *two central products* based on a procurement and supply chain capability assessment:
 - (i) Organisational certification - for public sector entities in developing countries
 - (ii) Opportunity assessment - to identify savings in the procurement and supply chain of a given entity.
170. CIPS also advised that, in *collaboration* with UNOPS, they will be looking into capacity development projects with DFID.
171. The PN Chairperson welcomed this initiative which is in line with the PN Statutes.

XII. SHOW AND TELL: IAEA PROCUREMENT GOVERNANCE AND PERFORMANCE MANAGEMENT

172. This topic was presented by Ms. Christine Tonkin (IAEA). The full presentation can be found in *Annex 24*.
173. The presentation *highlighted* the features of IAEA Procurement Governance and detailed their Agency-wide Procurement Strategy, which is carefully planned and highly focused on outcomes. The presentation also outlined the benefits of *Benchmarking* – IAEA’s Office of Procurement Services benchmarks itself against other public sector organisations. This enables them to identify areas for improvement and incorporate these into the Agency-wide Procurement Strategy.

XIII. SHOW AND TELL: NETWORK ON PROCUREMENT IN INTERNATIONAL ORGANISATIONS (NPIO)

174. Mr. Sergio Benetti from the European Space Agency and a member of NPIO gave a brief presentation of this *network*. The full presentation can be found in *Annex 25*.
175. The presentation included the history of the NPIO, which is an informal network of procurement officials from various international organisations that meets on an annual basis. The *main purpose* of the network is to exchange procurement-related knowledge and to explore potential areas for collaboration, where appropriate.
176. A number of PN members are members of the NPIO. IFAD, who joined last year, find it very *useful* in terms of gaining other perspectives on procurement matters.
177. UNESCO being located in Paris, and therefore fairly isolated from other UN Agencies, expressed an *interest* in this network. In particular if there are opportunities for collaboration.
178. UNPD expressed concern about *collaborating* with non-UN organisations. WIPO and UNOG informed that for CPAG, for instance, this is not an issue as long as the procurement is carried out under the leadership of the UN entity and that contracts are signed individually.

XIV. REQUEST FROM THE CHAIRPERSON OF THE STEERING COMMITTEE ON AVIAN AND HUMAN INFLUENZA

179. Mr. Kiyohiro Mitsui (UNPD) and Mr. Ramakrishnan Iyer (UNDP) *co-presented* this topic. The full presentation can be found in *Annex 26*.
180. The presentation included the *background* to the request. In short, the UN Steering Committee on Avian and Human Influenza established a Working Group to conduct an evaluation of 2009/2010 H1N1 vaccines procurement for UN system staff, and to make recommendations on how a similar future need might be addressed more efficiently. The Working Group issued a report in April 2011 with the following procurement related *recommendations*:
- Map all UN entities’ LTAs for medical commodities, and that they are listed by product type and its availability for utilisation by UN agencies

- Allow other UN entities to utilise the terms and conditions and establish their own LTAs to place orders based on the same terms and conditions of LTAs set up by the primary UN entity
- Encourage ‘Fast-Track’ procedure for automatic utilisation of LTAs already established by other UN agencies
- Create a network of focal points from UN entities for procurement of medical supplies
- Designate a specific unit to support procurement of medical supplies for UN staff during emergencies
- When future emergencies arise, designate a lead procurement agency for products needed that are not covered by existing LTAs

181. The Steering Committee endorsed the report of the Working Group in July 2011 and requested the UN System Influenza Coordination Office (UNSIC) to convey the endorsed report to the HLCM PN for *urgent consideration*.
182. UNICEF who was heavily involved in the procurement of vaccines for the H1N1 pandemic agreed that staff should be provided for, but the range of potential emergencies is very wide and therefore *more information* is required in order to establish the appropriate response mechanisms.
183. WHO agreed that, in order to move forward, a *portfolio of commodities* would be required, at the very least.
184. WFP added that there would be various phases that would require consideration e.g. an early warning/alert phase followed by a technical evaluation of needs, subsequent procurement and distribution (possibly requiring refrigeration expertise). That is, an *overall protocol* is required to ensure a fast response time.
185. IAEA suggested that all Agencies involved in medical procurement form a *sub-working group* and work with the Medical Services Division of the UN Secretariat on this issue.
186. UNRWA agreed with the above and expressed an *interest* in joining the group.
187. Dr. Cedric Dumont, Chief Medical Officer (FAO), also participated in this session and underlined the importance of emergency preparedness.
188. The PN Chairperson confirmed that the PN was taking this issue very seriously, but that there are limitations to what the PN can do at this stage and that there is a series of issues that need to be addressed beforehand. He concluded that a *sub-working group* should be created to drive this forward. Further to these discussions, Mr. Kiyohiro Mitsui (UNPD) will lead the group in drafting an official response to Dr. Nabarro of UNSIC.

XV. VENDOR ELIGIBILITY PROJECT

189. This session was *co-presented* by Mr. Dominic Grace (UNDP) and Mr. Ard Venema (UNPD), who represent the Organisations that have advanced the most in implementing the Model Policy Framework (MPF) for vendor sanctions. The full presentation can be found in *Annex 27*.

Survey on implementation

190. In late August 2011, in response to the HLCM HBP Steering Committee request, UNDP carried out a high-level survey to assess the *implementation status* of the Vendor Eligibility Project amongst HLCM PN members - 70% of HLCM PN members responded. The survey revealed that there is a high degree of awareness of the MPF within Organisations and that 67% of those that responded are planning on implementing an Agency-specific version of the model within the next 6-12 months.
191. Some of the *main challenges* Organisations face are:
- Need for additional financial and technical support
 - Difficulty in engaging other stakeholders (legal, audit etc.)
 - Other (higher) procurement-related governance change priorities
 - Difficulties in appointing independent members to the Sanctions Board; external members require financing
 - Model is onerous for small Agencies

UNDP's experience

192. Since the last PN meeting, UNDP has made *considerable progress* in implementing the MPF. In summary, it has:
- Incorporated implementation into its Procurement Roadmap
 - Drafted a new sanctions policy based on the MPF
 - Identified and Engaged Internal Stakeholders (Legal, Ethics, Audit/Investigations, Senior Management)
 - Revised initial drafts to address issues raised by stakeholders
 - Incorporated drafts into its procurement manual and submitted for approval
 - Identified and requested resources needed for implementation
 - In October 2011, UNDP expects to adapt the MPF templates and policy guidance, revise bidding documents and appoint members to a Vendor Review Committee.

Lessons learned by the UN Secretariat

193. In 2009 UNPD started *piloting* a Senior Vendor Review Committee (SVRC). However, to date the SVRC has not made any formal recommendations for decision. The main reasons being that the submitted cases were considered outside of SVRC scope and that there was insufficient evidence submitted to make recommendations. The UN Secretariat now recognises the MPF as an opportunity to address these issues and will implement it as soon as possible, thereby replacing the existing SVRC. The *main challenges* they have identified are:
- Composition of the Sanctions Board – difficult to find (impartial) candidates
 - Resources for investigation/preparation of due diligence report
 - Duration of the sanction process
 - Re-instatement of previously suspended vendors

194. The PN Chairperson stressed the *importance* of this project and of implementing the MPF. The Network is not only obligated to demonstrate results to donors, but the recent JIU Note also recommends implementation of this project.
195. It was suggested that the issue of lacking resources etc. for Sanctions Boards can be addressed by *collaborating* with other co-located Agencies. UNFPA advised that they are looking at the possibility of outsourcing the function to UNOPS. ILO also mentioned that the CPAG members are discussing establishing some inter-agency arrangements.
196. Some members expressed concern about information on sanctioning being made *public*. UNDP believes that although public attention should not deliberately be sought, it is inevitable, and provided that a transparent process has been followed, there is no harm in certain information becoming known.
197. The Network in general *agreed* that although implementing the MPF can be a major task, it must be done.
198. The PN will continue to *monitor* implementation progress and provide updates to the HLCM. The HLCM have requested a *full update* in one year's time.

XVI. HLCM PN MEMBERSHIP

199. The PN Chairperson, Mr. Vanja Ostojić (ILO), presented a *proposal* aimed at aligning HLCM PN membership with the relevant provisions of HCLM PN Statutes. The full presentation and background paper can be found in *Annexes 28 and 29* respectively.
200. Focus on this topic is necessary as the scope and complexity of the work of the PN increases as well its accountability and visibility. The *objective* of better defining the membership of the HLCM PN is to improve effectiveness, efficiency and transparency of PN work through better coordination, a more streamlined decision-making process, enhanced communication and enabling more staff to gain knowledge and experience of and broaden their professional involvement in PN activities.
201. It was proposed that *PN membership* is redefined as follows:
 - Pursuant to the HLCM PN Statutes (Chapter II – Membership), Member Organisations are represented by the Director, Chief, or Head of Procurement or the person responsible for procurement who at a functional level is either also represented on the HLCM or at a level immediately below HLCM PN Statutes.
 - Each Organisation should appoint one representative and one alternate to represent the Organisation on the Network.
 - These Representatives should have the authority to take procurement related decisions on behalf of the Organisation concerned.
 - Working Group Chairs, Alternate Chairs and any other member confirmed by the PN Management Board/Secretariat will be considered as part of the Network.
202. It was proposed that *PN Working Group membership* is redefined as follows:

- Pursuant to the HLCM PN Statutes, Working Groups are established as appropriate to further the work of the Network.
 - Membership in any Working Group is voluntary.
 - Members of a Working Group will elect a Chair and Alternate Chair for that Group.
 - Participating Organisations may appoint a member or members to Working Groups of their interest/choice through notification to the PN Secretariat which will then inform the respective WG Chairs and Alternate Chairs.
 - Participating Organisations will appoint a member or members to Working Groups via their Representative to the PN.
203. Based on the information received from Member Organisations (via their Representative to the PN), the Secretariat will be responsible for:
- Maintaining current lists of PN Members and WG Chairs/Alternate Chairs, WG Focal Points and Members.
 - Publication of the list in the PN section of UNGM, once available.
204. PN members were *fully supportive* of this proposal and viewed it as an important step in making the Network function more efficiently and ensure that other procurement colleagues can stay connected to the work of the group.
205. **Endorsement:** The PN agreed that the specific paragraphs in the *Statutes* should be amended to reflect the above. The PN Chairperson will make the necessary changes, in collaboration with Mr. James Provenzano (UNOPS), and distribute to PN members for approval.

XVII. CEB SECRETARIAT UPDATE

206. Mr. Ronny Lindstrom, the Senior Coordinator of the CEB Secretariat, provided an *update* on the deliberations of the HLCM at their meeting in Washington DC earlier in the week. The full presentation can be found in *Annex 30*.
207. The PN was informed that in the introduction by the HLCM Chairperson, it was noted that in light of some donors having to cut their own staff and therefore having difficulty in justifying ODA, there is increasing pressure on the UN to demonstrate efficiency and effectiveness. The new slogan from the SG is *Do More With Less* and procurement is seen as a key component of that. Ultimately, improved communication is required to demonstrate results. It was recognised that the PN is getting better at this, but there is still much room for improvement.
208. The PN report was very *well received* by the HLCM. It was noted that there are great possibilities for savings or cost avoidance through collaboration. The follow up to the Joint Mission to identify bottle-necks in business practices was particularly noted (Harmonisation project). The HLCM also advised to focus on Policies and Procedures instead of Rules and Regulations as they are seen as broad enough.
209. The HLCM has been tasked with preparing a *paper on efficiency gains*. Therefore, all networks have been tasked with reviewing the paper, improving it, confirming the data and contributing new ideas. The HLCM wants the PN to look for more joint activities in particular additional

Collaborative Procurement possibilities. The deadline for providing feedback to the report is 25 October 2011.

210. On more general terms, the HLCM repeatedly emphasised that Agency ‘preferences’ can no longer be used as an excuse not to cooperate - *cooperation* is based on willingness more than prohibitive rules. For instance, the Vehicles project is only going to work if Organisations support it. It is also important to ensure that staff, in particular those in the Field, are briefed on any outcomes of collaboration activities so that any culture shift that is required takes place throughout the Organisation as a whole. Being the first layer below the HLCM, all PN members have a *responsibility* and a key role to play.
211. The Outgoing PN Chairperson, Ms. Shanelle Hall (UNICEF), who represented the PN at the HLCM meeting in Washington, joined this session by audio-conference. In addition to the feedback already provided, she highlighted that the PN received *much support* from the HLCM and that the work of the PN seems to be very much in line with the priorities of the HLCM and SG.
212. The HLCM *requested* that the various networks have their meetings well in advance of the HLCM meetings, due to the sometimes large amount of documents that need to be reviewed by the HLCM prior to their meetings. Often the HLCM sets the dates for its meetings at fairly short notice, in comparison to the PN, who usually sets its meeting date well in advance (4-5 months). The Outgoing PN Chairperson pointed this out at the HLCM meeting and this challenge will be addressed with the CEB Secretariat.
213. WFP raised the issue of initiatives often being blocked by *legal* units. The CEB Coordinator advised thinking carefully before asking for legal clearance – think about how the question is asked and whether or not legal clearance is actually required.
214. UNDP also raised the absence of standard contracts and standard terms and conditions when working collaboratively, as an *impediment*. Currently it is those of the lead agency which apply and this can give other Agencies legal issues.
215. Concerns were raised about managing expectations and the dangers of estimating *savings*. The CEB Coordinator agreed that expectations should be managed carefully, but it is important to provide figures in order to make convincing arguments. It was recommended to focus on figures that everyone can relate to i.e. unit cost compared with market prices or previous contracts, rather than estimating a final end-result saving, which is difficult to obtain if there is a subsequent increase in the volume of units procured.
216. In terms of *communication*, UNOPS pointed out that how the PN communicates is just as important as what it communicates and should be given due consideration.
217. IFAD raised the idea of *Efficiency Gain Opportunity* (EGO), mentioned in the CPAG/CPT session, whereby an initiative is captured and documented at a very early stage. Over time this will result in an amount of data on the various initiatives embarked on and can be published on an ongoing basis on the UNGM.

218. UNICEF suggested that the harmonisation of the procurement manuals, which will help unbottle-neck operations, could be a *quick and simple step* that demonstrates that the PN (HQ) can collaborate.
219. The PN Chairperson *thanked* the CEB Coordinator, the Outgoing PN Chairperson and the Network for its contributions. It was agreed that the HLCM report on efficiency gains would be shared with the PN members and input provided by the deadline.

XVIII. OUTSTANDING ISSUES AND CLOSING

220. The PN Vice-Chairperson presented a summary of *salient points (Annex 31)* from the meeting and comments were noted.
221. The Network members agreed that the following items would be included in the *agenda* of the next meeting:
- Progress reports from the Working Groups
 - Collaborative procurement and spend analysis
 - Vendor eligibility – an update on implementation
 - PN communication, how to improve it, use of social media etc. (*voluntary contributions to this topic are welcome*)
 - Show and Tell: ISO 9001 certification of ICAO's Procurement Division; UNOPS's collaboration with the International Federation of Consulting Engineers (FIDIC) to issue a new format for works contracts.
222. While some members found the presentation from CIPS very useful, others found it too commercial. It was agreed that more information on proposed *presentation content* should be provided to the PN Management Board prior to the meeting.
223. Given the continued unstable political situation in Tunisia, the UNDSS does not permit travel there unless absolutely necessary. Therefore, AfDB hosting the next PN meeting must be further postponed. UNRWA kindly offered to host the next PN meeting in Jordan instead. An offer was also received from ICAO to host an upcoming meeting. The PN welcomed these generous offers and it was agreed that the *next meeting* would take place in Jordan, hosted by UNRWA.
224. The PN endorsed ICAO as a *new member* of the Network.
225. The PN Chairperson thanked all the *WG Chairs* on progress made and acknowledged the high level of activity that has taken place between the two meetings. He encouraged the groups to continue to meet on a monthly basis.
226. The PN Chairperson also expressed his appreciation of the support and advice from his colleagues on the *PN Management Board*, and for representing the PN at the HBP SC and HLCM meetings.
227. The *PN Secretariat* was also thanked, as was *UNDP* for continuing to provide the financial support for this position. The Chair acknowledged that funding of the position was still an

outstanding issue and recalled the agreement reached in March 2010 in Budapest to *reclassify* the position to P3 level due to the complexity of the work and the fact that the PN Secretariat represents the Network at the Multi-Agency Business Seminars. The PN Management Board will continue its discussions with the CEB Secretariat on this matter and discuss at the next PN meeting.

228. All *PN members* were thanked for their contributions, in particular Ms. Christine Tonkin (IAEA) for her enthusiasm and willingness to help improve the work of the PN.
229. Ms. Theresa Panuccio, Ms. Regina Gambino and their team from *FAO* were thanked for their excellent hosting of the meeting.
230. Finally, a brief survey carried out over the days of the meeting revealed that the *collective wisdom* of meeting participants amounted to 708 years in procurement practice and 1066 years of experience in the workforce.