



25TH SESSION OF THE HLCM PROCUREMENT NETWORK
VIENNA, 27-28 MARCH 2019
SUMMARY OF DECISIONS & OUTCOMES



The 25th session of the HLCM Procurement Network (HLCM PN) was hosted by the OSCE and IAEA at the Hofburg in Vienna on 27 & 28 March 2019 under the following Management Board and Secretariat:

- Chairperson** Ms. Patrícia Moser (Director, Procurement Group, UNOPS)
- Vice-Chairperson** Ms. Bérénice Bessièrè (Director, Procurement and Travel, WIPO)
- Advisory Chairperson** Mr. Eric Dupont (Chief, Procurement Services Branch, UNFPA)
- Secretariat** Ms. Kerry Kassow (UNDP)

All documents related to the meeting are available on the HLCM-PN Workspace on www.ungm.org or by contacting the PN Secretariat on kerry.kassow@undp.org



The meeting was structured around a full two-day agenda. The following is a summary of the key outcomes of the discussions.

THE WORKING GROUPS

1. SUSTAINABLE PROCUREMENT WORKING GROUP

DECISION SESSION – PRESENTED BY WG (CO)CHAIRS, MS. ISABELLA MARRAS (UN ENVIRONMENT) & MR. NIELS RAMM (UNOPS)

The below topics were presented:

(i) The 'Strategy for Sustainability Management in the UN System 2020-2030, Part I: Environmental Sustainability in the Area of Management' – developed further to the Secretary-General's Executive Committee retreat in December 2018, which called upon the UN to raise internal sustainability ambitions. The strategy, which focuses on key objectives and broad qualitative goals that would provide a framework for the UN System, will be part of a package that will be presented at the UN Climate Summit in September 2019. The draft strategy has been shared with the PN for comment and will be presented for endorsement at the upcoming HLCM meeting¹.

(ii) 'Tracking SP implementation within the UN system – Phase 1' The aim of the project is to streamline SP monitoring, measurement and reporting by creating a common framework and methodology on how to track, benchmark and measure SP implementation based on quantifiable indicators that can be checked by tender. Phase I of the project has now been completed and further to WG recommendations the PN agreed to the following:

- ✓ **to endorse the proposed methodology for qualifying a tender as sustainable.**
- ✓ **to address the integration of the SP indicators and methodology in the respective agency procurement systems on a voluntary basis, to facilitate reporting on the progress of SP implementation.**
- ✓ **that the SP WG explores solutions (templates upload-able on UNGM) to also allow low-value procurement to be rated and reported against the proposed methodology to facilitate comprehensive reporting on SP within the UN system.**

The UNGM Steering Committee Chair indicated that UNGM reserve funds may be applied to support the required development work.

(iii) Regular WG activities

An update was also provided on the ongoing regular activities of the WG. Highlighted in particular was the decision to establish a Gender Responsive Procurement Taskforce (GRP-TF) under the leadership of UN Women. Those interested in joining the TF, were invited to contact taehyun.kim@unwomen.org.

¹ See more under the update from the CEB Secretariat on page 7 of this report.



2. STRATEGIC VENDOR MANAGEMENT WORKING GROUP

INFORMATION SESSION – PRESENTED BY WG CHAIR, MR. SANDRO LUZZIETTI (IFAD)

Since the last PN meeting, the Strategic Vendor Management (SVM) Working Group has continued its initiatives under the various Vendor Management topics:

(i) Vendor Access and Business Seminars: the new model, International Procurement Seminars (IPS), continues to be implemented. So far, two IPS have been held in Copenhagen in 2018; both were quite successful and well-coordinated among the organising countries. Two more IPS are currently scheduled for 2019 (16-17 May in Rome, 12-13 June in Copenhagen) and another will take place in November. The SVM-WG has slightly amended the IPS Principles for Engagement to allow more flexibility for large (and/or very isolated) countries to host an IPS alone. The UNGM development team, has further developed the Event Management Tool and the Trade Promotion Portal for Trade Agencies and Chambers of Commerce. More than 45 institutional entities have registered so far. **The IPS pilot will conclude at the end of this year; therefore, the PN will be asked to decide on its continuation at the next meeting. In the meantime, the WG will work on addressing some of the challenges that have been identified.**

(ii) Vendor Sanction and Model Policy Framework (MPF): the WG has identified a solution for the issue of “potential matches²” among new vendors. As agreed, the first level review has been centralised with the UNGM team and the pending queue has almost been eliminated. The WG has decided to assign the second-level review of the unresolved “potential matches” to the Ineligibility Administrators of the UN Agencies that suspended the vendor.

WHO and ILO are in the process of creating a **Joint Sanctions Board** on behalf of interested agencies in Geneva. The next step is to have the draft framework endorsed by the other agencies concerned. Once in operation, there is potential for other interested agencies to join.

There was a brief discussion on **EU Restrictive Measures** and the UN being asked to consider EU sanction lists. There was concern that vetting vendors against some national ineligibility lists could set a precedent. Nevertheless, it cannot be ignored that Member States sometimes have certain demands when financing special projects. A solution of knowledge sharing is seen as an acceptable way to provide procurement officers with information on national ineligibility lists in a non-committal manner. **As a next step, it was agreed that information would be collected from all agencies on how they are addressing the issue at present with a view to provide a collective/common response to the EU.**

(iii) Vendor Assessment: after extensive testing and discussions with a major provider of vendor information, it was agreed to launch a collaborative procurement exercise, led by UN/PD. The objective is to establish one or more LTAs with service providers of vendor information, which will be available through the UNGM and to individual UN agencies. A REOI has been carried out by UN/PD and the specifications for the joint tender are being finalised.

(iv) Knowledge Centre (KC): Tiles (pages) have been created in the KC for the new working

² a vendor whose details somewhat resemble those of a suspended vendor



groups on innovation. After the re-organisation of the KC home page in 2018, new tiles have been developed for top categories purchased by the UN system.

3. PROFESSIONAL DEVELOPMENT WORKING GROUP

INFORMATION SESSION – PRESENTED BY WG CHAIR, MR. TORBEN SOLL (UNDP)

The WG Chair provided a brief update on the following:

(i) UN Procurement Practitioner's Handbook (PPH): translation of the PPH into French by a contractor is underway and expected to be completed by July this year. Native French-speakers within the PN family were invited to assist in a quality review of the translation work. WIPO volunteered to take on this role.

In terms of ongoing updating and maintenance of the PPH, it is envisaged that the original project team responsible for the PPH revision will continue in its oversight and content management capacity. Plans are underway to publish an updated version of the PPH towards the end of 2019, managed by the PN Secretariat.

(ii) Renewal of CIPS Knowledge Portal Subscription: a non-binding and informal agreement has been reached with CIPS to maintain access to the portal (via UNGM) at no cost, until further notice, i.e. until maintenance or cost issues arise.

(iii) UN Procurement Awards: the objectives of this initiative are to increase motivation, showcase success stories, promote the work of the PN and raise the profile of the procurement profession. Both a Project Manager and Steering Group have now been identified and concept development is underway; award categories, principles, processes, and possible prizes, etc. have already been outlined. **The full concept will be presented for decision at the next PN meeting and, if endorsed, the first award process will be launched in early 2020.**

INNOVATION FOR IMPACT WORKING GROUPS

The following three new Working Groups (on priority topics) were formed following the innovation workshop held during the last PN meeting.

4. INNOVATIVE CONTRACTING & SUPPLIER RELATIONSHIP WORKING GROUP

INFORMATION SESSION – PRESENTED BY WG CHAIR, MS. BÉRÉNICE BESSIÈRE

This WG has two main axis of work:

- Co-development of innovations - sharing existing experiences and practices within the group
- Performance incentives – identifying ways to incentivise suppliers

Moving forward, the WG will continue to explore and develop these areas. PN members were invited to share any experiences they have with innovative and/or incentivising practices with the WG. The WG will also be developing a concept for a supplier award programme.



5. COGNITIVE PROCUREMENT WORKING GROUP

INFORMATION SESSION – PRESENTED BY WG CHAIR, MR. BRIAN CHALK

This WG seeks to define, scope and explore disruptive technologies such as artificial intelligence and robotic process automation, and the potential for application across the UN supply chain.

The focus of the group will be to assess the current UN landscape, current market opportunities and the applicability, scalability and ease of implementation of these solutions to improve the quality and efficiency of UN procurement.

The PN Chair informed that the Danish Ministry of Foreign Affairs may be interested in funding a study to identify the potential for applying relevant cognitive procurement technologies within the UN system.

As the current WG Chair is soon to take up a new external position, therefore, a new WG Chair will have to be identified as a next step.

6. CONSOLIDATED/OUTSOURCED PROCUREMENT

INFORMATION SESSION – PRESENTED BY WG CHAIR, MS. ANNA SPINDLER

The current focus of this WG is the following:

- Identifying existing cases of successful outsourcing of either a category of spend or parts of the procurement process
- Exploring methodologies to determine when outsourcing would be advantageous and in what categories or parts of the process
- Informing the group on other related initiatives including the move to Category Management at UNPD and the Outsourcing Review by the JIU

WG discussions so far have centred around which areas have potential for outsourcing, internal examples of outsourcing already undertaken by some agencies, and UN/PD's Category Management initiative.

PN members were invited to submit any comments on the Outsourcing Review and the WG Chair will provide a collective response to the JIU.

More information on all the HLCM-PN Working Groups can be found in the [UNGM Knowledge Centre](#).

SPECIAL PROJECTS

1. HARMONISATION PROJECT, PHASE 3

INFORMATION SESSION – PRESENTED BY HARMONISATION WORKING GROUP CHAIR, MR. ERIC DUPONT (UNFPA)

With the recruitment of the Project Manager in January, Phase 3 of the Harmonisation Project is now underway. The WG Chair provided the PN with an update on activities to date. The main objective of Phase 3 is to develop harmonised procurement prototype templates. Initial focus of the Project Team and the Working Group has been to prioritise which templates should be harmonised and to develop the work plan. It has been agreed that work will

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commence with external-facing documents: RFQ, ITB, RFP, mini-bid and REOI, with a view to presenting the draft documents at the next PN meeting.

In addition, at the last PN meeting the definition of Collaborative Procurement was discussed.

Collaborative Procurement is defined in the 'Common Glossary of Procurement Terms' as:

A procurement arrangement in which several UN organisations combine their efforts to undertake procurement in cooperation or share the outcome of a procurement process, thereby achieving benefits for the group in its entirety. The objective of collaborative procurement is to achieve reduced price or better service through economies of scale and to reduce inefficiency and duplication across the UN organisations.

According to the current definition in the guidelines for 'Common UN Procurement at Country Level', Collaborative Procurement encompasses the following range of activities:

- Using existing LTAs or contracts of other UN organisations (piggy-backing)
- Purchasing against established LTA
- Using the solicitation results to establish own LTA
- Establishing and using joint LTAs and contracts through "lead agency" approach
- Using procurement services of other UN organisations
- Procuring from another UN organisation
- Using a joint procurement unit

Some UN organisations include activities beyond this definition when reporting on Collaborative Procurement. The Harmonisation Working Group was requested to review the definition with a view to seeking consensus. Discussions within the Working Group have resulted in two proposals (one from UNICEF and the other from UNFPA), but it has not been possible to achieve consensus.

Several PN members communicated that it is important for all organisations to report their procurement volumes in a consistent and harmonised manner in the UN Annual Statistical Report (ASR) on UN Procurement. Otherwise, there is a great risk of losing credibility with the Member States, who highly value the information provided in the report. The WG Chair urged all agencies to continue to provide data to the ASR as defined under the existing definition of collaborative procurement and that other, less quantifiable, forms of collaboration are reported separately in organisations' annual reports, etc.

UNICEF expressed the importance of broadening the current definition on collaborative procurement, as defined in the ASR, to align with the overall direction of the UN Reform, by including additional strategic collaborative activities implemented by UN Agencies, such as the joint design of processes (including QA and standards) and joint development of technical specifications or forecasts.

WHO informed that, in the context of the current official definition of Collaborative Procurement, it does not view the technical norms and guidelines it establishes for agencies to adhere to as a procurement activity. WHO applied the same to its own figures. WHO recognises the extreme value of the indispensable technical cooperation and supports the



idea of it being reflected in the ASR, possibly using a different indicator or section of the report.³

In order to be fully aligned with the other agencies, the PN Management Board suggested that UNICEF's strategic collaboration data is not included in the ASR in future. (It can remain in the soon to be published 2018 report but will be asterisked with an explanatory note). UNICEF was opposed to this idea and reiterated that the current UNICEF data should be used for ASR 2018 reporting, in the same manner as in previous years. There have been no agreed changes from previous years, only an agreement that the definition will be discussed and reviewed by the Harmonisation Working Group.

The WG will continue the discussions and endeavor to reach an agreement on the definition of Collaborative Procurement by the next PN meeting.

2. PROCUREMENT SAVINGS METHODOLOGY EXERCISE

DECISION SESSION – PRESENTED BY PROJECT COORDINATOR, MR. BRIAN CHALK (UNOPS)

The objective of this HLCM-funded project was to define and agree on a UN-wide methodology for procurement savings, which will enable a consistent approach to capturing, calculating and reporting procurement savings across all organisations to partners, donors, member states and other stakeholders. The methodology was hence developed in collaboration with external consultants, with support from various UN agencies, and was presented to the PN.

The PN endorsed the principles of the cost-saving methodology. Some agencies may choose to operationalise aspects of the methodology, while others will investigate the methodology further to determine the relevance to their agency.

3. COLLABORATIVE PROCUREMENT OF IT HARDWARE

INFORMATION SESSION – PRESENTED BY LEAD AGENCY REPRESENTATIVE, MR. IGNACIO GIMENEZ (UNICEF)

After the last PN meeting UNICEF began a spend analysis, based on the estimated spend/volumes of each agency. Other activities have been pending the outcome of (i) the joint CPAG tender, led by ILO and WHO, which has resulted in LTAs being signed with two suppliers of IT equipment (desktops, laptops, etc.) for worldwide delivery, and (ii) the World Bank tender for IT equipment (not yet concluded).

UNICEF plans to work with both the PN and ICT networks to ensure that these contracts meet all the requirements of the agencies. A detailed update will be provided at the next PN meeting.

³ This last sentence does not reflect entirely what was said during the meeting as it was adjusted further to additional clarifications obtained from WHO after the PN meeting. Exact meeting deliberations are available in the audio file.

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OTHER TOPICS

1. UPDATE FROM THE CEB SECRETARIAT

INFORMATION SESSION – PRESENTED BY HLCM SECRETARY, MR. REMO LALLI (CEB SECRETARIAT)

The following key priorities of the HLCM were highlighted for the PN members:

(i) Innovation: this still remains a top priority of the HLCM and there will be another retreat on the topic at the HLCM meeting on 3-4 April. The priority area of 'Cognitive Procurement', identified by the PN at its last meeting, is seen as highly relevant. The HLCM Secretary encouraged the PN to aggressively explore available technologies and how they could be applied to procurement operations.

(ii) The Strategy for Sustainability Management⁴: the draft document, already shared with the PN for input, is expected to be endorsed by the HLCM at its upcoming meeting. After this a roadmap with activities, targets, etc. will be developed and shared with the PN for action. The PN was therefore encouraged to follow this work closely and seize the opportunity to implement SP practices.

(iii) Disability: the HLCM Secretary thanked the PN for its participation in the questionnaire that was circulated. The feedback has been collated and will be shared with the HLCM. The PN was encouraged to take more action in this area and to make any work that it has undertaken more visible.

2. THE UN GLOBAL MARKETPLACE (UNGM)

INFORMATION SESSION – PRESENTED BY UNGM STEERING COMMITTEE CHAIR, MR. GIORGIO FRATERNALE (ILO) AND UNGM TEAM LEAD, MR. NIELS RAMM (UNOPS)

Members were provided with an update on key highlights from the UNGM Operational Report 2019 (to date). These included:

- Keys figures on vendor registrations (continue to rise and 72% are from developing countries and economies in transition), UN users, procurement notices, contract awards and LTAs as well as a record revenue from the Tender Alert Service
- Ineligible Vendors - enhancements implemented concerning screening of vendors that are potential matches with sanctioned vendors
- One-UN Portal integration
- Status of the Trade Promotion Portal that has been implemented to support Government Institutional Organisations, in managing their vendors/statistics, business seminars, etc.
- Improvement of UNGM infrastructure through refactoring and improving existing functionalities.
- Implementation of a CRM platform to improve customer service, experience and satisfaction
- Various interface enhancements
- Translation of the UNGM into Russian and Arabic
- Possibilities for improving the UNGM's design and processes moving ahead

⁴ as described in section 1, page 2 of this report



It was noted that it would facilitate piggy-backing if agencies could complete the LTA Information Summary Sheet and upload it along with the corresponding LTA documentation on UNGM.

The UNGM Steering Committee Chair flagged that there has been interest from the Islamic Development Bank (IsDB) in becoming a member of the UNGM as well as interest from a Spanish Governmental entity in paying for UNGM services relating to procurement notices. These opportunities will be explored further by the UNGM Steering Committee.

A re-election of the UNGM Steering Committee will take place during the next PN meeting.

3. MEMBERSHIP OF THE HLCM PN

INFORMATION SESSION – PRESENTED BY MR. KIYOHIRO MITSUI (UNPD)

At the PN meeting in March 2018, it was agreed that the matter of voting rights within the PN should be examined. There was a general consensus that there should be equal rights for all members (both Core and Associated) to vote as all members contribute financially to PN operations.

Following further discussions on the topic at the PN meeting in September 2018, the UN Secretariat kindly agreed to take the lead in developing a proposal. The following was presented to the PN for review and discussion:

- All PN members have equal rights including the capacity to vote
- HLCM/CEB members of the PN can serve as Chair of the Management Board of PN and represent the PN at the HLCM plenary meetings
- Decisions of the PN shall be reached by consensus of all member organisations
- Decisions which may affect HLCM policies and activities will only require consensus among HLCM/CEB members
- Decisions concerning selection of the Management Board and meeting venues will be made by the simple majority vote
- The PN appoints two Vice Chairs: one from HLCM/CEB members, who will become the Chair in the second year and the other from non HLCM/CEB members, who will become the Advisory Chair in the second year
- The term of appointment to serve on the Management Board will be reduced to two years

It was noted that the PN had strong reservations about widening the PN membership to include non-UN members to any large extent as it could have negative repercussions on the operability of the network. Plus, it may duplicate other initiatives that are in place, such as the NPIO.

The PN was however supportive of the overall direction of the proposal, in terms of addressing the key issue of equal treatment of existing PN members. It was agreed that the UN Secretariat would fine-tune the proposal based on comments received and present it for decision at the next PN meeting. The PN Statues will thereafter be amended accordingly.

4. UN TRAVEL IN EUROPE & CATEGORY MANAGEMENT AT THE UN SECRETARIAT

INFORMATION SESSION – PRESENTED BY MR. STEPHEN FARRELL (UNOG)

Following discussions at the last PN meeting, UNOG has been investigating the possibility of consolidating UN travel in Europe. An inter-agency survey has revealed that harmonising

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Travel Management Companies across UN entities in Europe is not straight-forward due to different support set ups (e.g. on-site versus off-site) and different travel policy rules. However, UN in Geneva has successfully managed to run one tender covering a multitude of support set ups and travel policies, demonstrating that it is possible to do this. Also noted was that the widespread usage of one company (CWT) throughout Europe implies that having a common approach to vendor sourcing may well yield benefits.

As a first step, entities who believe they may benefit from coordination (such as Copenhagen and Geneva) should continue to explore opportunities. Following the survey, UN Geneva and UN Copenhagen have worked together to leverage lower UNOG CWT rates charged for online bookings. UN Copenhagen has now implemented the lower rate, generating an immediate saving of USD 40,000 per annum.

Geneva will be re-bidding its travel contract in 2020 to allow a contract award for April 2021 and welcomes those interested in joining.

In addition, UNOG updated the PN on work that is being undertaken on Travel Category Management in the Secretariat. In due course, documentation (e.g. TORs and SLAs / KPIs) can be shared across the PN.

5. THE BUSINESS INNOVATIONS GROUP INITIATIVE

INFORMATION SESSION – PRESENTED BY MR. DOMINIC GRACE (UNDP)

The Business Innovations Group (BIG) was established to support an agency-led change process. A full-time inter-agency BIG Project Team is focused on specific actions to delivering on the Secretary-General's **reform targets** concerning Common Premises and Back-Office Operations. The PN was provided with an update and next steps on all of the following:

- Consolidating 50% of UN Offices into Common Premises by 2021
- Ensure all UNCTs have Business Operations Strategies (BOS) in place by 2021
- Location-dependent services - consolidate at the country level into Common Back Offices (CBO) in all countries by 2022
- Location-independent services - explore options, including creating a network of 6-7 Global Shared Service Centres (GSSC)

All of which will be **enabled by**:

(i) Operationalising 'Mutual Recognition' of entities' business operations rules and regulations, and policy and processes (the PN is already ahead on this, having implemented mutual recognition of each other's procurement processes several years ago; however, those organisations that have signed the Mutual Recognition statement have now an actual obligation to collaborate on procurement e.g. share LTAs etc.)

(ii) Culture change towards more customer centric relationships through measurement of Client Satisfaction of all business operations services

(iii) Development of cost principles



6. ANNUAL STATISTICAL REPORT ENHANCEMENT

INFORMATION SESSION – PRESENTED BY MR. BRIAN CHALK (UNOPS)

The Annual Statistical Report on UN Procurement (ASR) is a key data resource for UN organisations, member states, partners, suppliers, and other stakeholders. However, there were a few key challenges with the report that the UNOPS team and UNGM Secretariat wished to have addressed. The PN approved the ASR enhancement paper in Montreal 2017, however no central funding was obtained. Subsequently, UNPD provided funding, which enabled UNOPS and UNGM to implement some improvements and achieve the following:

- Increased efficiency, transparency and availability of the ASR information to UN organisations, member states and other stakeholders
- Enhanced user experience of the ASR report through online interactive, dynamic and user-friendly data visualisations and removing PDF tables
- Aligning the ASR to external best practice reporting and optimises the ASR for all UN agencies
- Data is filterable and information on screen can be downloaded to CSV

The PN was provided with an online demo of the newly enhanced ASR, which was very well received. **UNOPS will schedule training sessions for those interested once the 2018 report is ready for publication. A recording of the training will also be made available on UNGM.**

7. COMBATING HUMAN TRAFFICKING IN SUPPLY CHAINS

INFORMATION SESSION – PRESENTED BY MR. VALIANT RICHEY (OSCE)

The purpose of this session was to raise awareness of this topic, describe the OSCE's approach and how human trafficking relates to procurement and supply. The OSCE is now seeking to engage with the HLCM PN (and other international organisations) to develop and implement a common approach on prevention of the trafficking of human beings in supply chains through procurement practices and how to deal with the issue once it is identified.

PN members were in agreement with the idea of developing a harmonised approach and will explore introducing wording on the matter to the UN Supplier Code of Conduct. The OSCE was also invited to present this very relevant topic to the Sustainable Procurement Working Group.

AOB

(i) Election of new PN Vice Chair

Mr. Kenny Cheung (World Bank Group) was elected by the PN as the new Vice Chair for the 2019-2020 period.

(ii) Venues for future meetings

As agreed at the last PN meeting, the next session will take place in Valencia on 8-10 October 2019, hosted by the UN Secretariat.

The 2020 Spring session will take place in Rome, hosted by IFAD.