



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

**Summary of Conclusions of the Eleventh Session of the
High Level Committee on Management’s Procurement Network**

(5-7 March, Amman, Jordan)

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I. INTRODUCTION AND BACKGROUND

1. The 11th session of the *High Level Committee on Management's Procurement Network* (HLCM PN) was hosted in Amman, Jordan by UNRWA on 5-7 March 2012, 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), was regrettably unable to attend the meeting. The incumbents of these three positions form the Management Board of the HLCM PN.
2. The meeting was *attended* by 42 colleagues representing 28 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*). Three of the Working Groups (Vendor Management/UNGM, Supplier Access and Harmonisation) held separate sessions after the close of the meeting on two of the days.
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 via the newly developed PN Workspace on www.ungm.org.
5. The PN Chairperson *opened* the proceedings with the quote, “In a crisis, be aware of the danger – but recognise the opportunity”, which he said should be the guiding principle of the PN in these challenging times. The PN has a unique opportunity right now to affirm procurement as a strategic function – procurement is in the spotlight of several high-level initiatives that are expected to achieve savings and at the same time render the UN System itself more efficient and effective. It is important that areas for potential cost reduction are selected strategically and that senior management ‘buy-in’ is sought in order to ensure full engagement in the procurement reform process. Finally, the Chairperson underlined that a strategic approach also encompasses partnering within the Network, one of the main tasks of which is to create conditions for effective collaboration.
6. Mr. Neil Ashcroft (Chief Procurement and Logistics Division, UNRWA) *welcomed* the PN members to Jordan. He expressed his appreciation of the PN for its dynamic and progressive nature and highlighted some of the benefits UNRWA has enjoyed from engaging with the larger Organisations within the group on certain initiatives, e.g. the UNDP/CIPS certification programme, UN/PD’s Long-Term Agreements, the UNOPS/FIDIC model for works contracts, adopting WFP’s ERP and more.
7. The Vice-Chairperson *shared* with the meeting participants some interesting points concerning UNRWA operations in the region, in particular some of the logistical challenges that the Agency faces.

8. All participants ([Annex 1](#)) introduced themselves briefly and outlined their expectations for the meeting.
9. The PN Chairperson welcomed new members to the Network. He also shared with the PN, regards sent from Mr. Michael Cora (UNESCO), who will be retiring at the end of the month.

II. ADOPTION OF THE AGENDA

10. The PN Chairperson presented the agenda items and highlighted that a number of items *required a decision*.
11. 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 Rome to Amman — Status Report and Overview of Activities***
[Annex 3](#): Presentation ‘Rome to Amman’ – Kerry Kassow (HLCM PN Secretariat, UNDP) & Vanja Ostojić (HLCM PN Chairperson, ILO)
 - iv. ***Working Group on Harmonisation***
[Annex 4](#): Presentation ‘Procurement Process and Practice Harmonization in Support of Field Operations’ – Eric Dupont (UNFPA) and Alexander Blecken (UNICEF)
[Annex 5](#): Document ‘Revised Guidelines for Common UN Procurement at the Country Level’
[Annex 6](#): Document ‘Standardised Table of Contents for Procurement Manuals’
[Annex 7](#): Document ‘Communications Template for Revised Guidelines’
 - v. ***Working Group on Supplier Access***
[Annex 8](#): Presentation ‘Supplier Access Working Group Activity Report’ – Ard Venema (UN/PD)
[Annex 9](#): Document ‘Guidelines for Organising Entities’
 - vi. ***Vendor Eligibility Project***
[Annex 10](#): Presentation ‘Vendor Eligibility Project Implementation’ – Dominic Grace (UNDP)
 - vii. ***Working Group on Vendor Management***
[Annex 11](#): Presentation ‘UNGM Briefing’ – Giorgio Fraternali (WIPO) & Niels Ramm (UNOPS)
[Annex 12](#): Document ‘Operational Report’
[Annex 13](#): Document ‘Finance Post Factum Review 2011’
[Annex 14](#): Document ‘Rolling Budget’

¹ All documents concerning the session and related presentations can be obtained from the HLCM PN Secretariat at kerry.kassow@undp.org or by accessing the PN Workspace on www.ungm.org

- viii. ***UNGM Vendor Registration Reform***
[Annex 15](#): Presentation ‘UNGM Vendor Registration Reform’ – Sandro Luzzietti (IFAD)
[Annex 16](#): Document ‘Business Case on UNGM Vendor Registration Reform’
- ix. ***Collaborative Procurement***
[Annex 17](#): Presentation ‘Collaborative Procurement, Vehicles’ – Dominic Grace (UNDP) and Presentation ‘Collaborative Procurement, Cargo and Warehouse Insurance’ – Eric Dupont (UNFPA)
[Annex 18](#): Presentation ‘Collaborative Procurement by UN Systems Organisations: Observations and Opportunities – Christine Tonkin (IAEA)
[Annex 19](#): Document ‘Collaborative Procurement by UN Systems Organisations: Observations and Opportunities’ – (IAEA)
- x. ***Working Group on Professional Development***
[Annex 20](#): Presentation ‘Professional Development Working Group’ – Torben Soll (UNDP)
[Annex 21](#): Document ‘Professional Development Proposal for Knowledge Sharing Website’
- xi. ***Working Group on Sustainable Procurement***
[Annex 22](#): Presentation ‘Sustainable Procurement Working Group’ – Niels Ramm (UNOPS) & Jacob Kurian (UNEP)
[Annex 23](#): Document ‘Sustainable Procurement Working Group Work Plan 2012’
[Annex 24](#): Document ‘Sustainable Procurement Concept for Advisory Services’
- xii. ***Show and Tell: ISO 9001 Certification, Procurement Division***
[Annex 25](#): Presentation ‘Preparation for ISO 9001:2008 Certification – Procurement Section, ICAO’ – Marie-Ange Nyssen (ICAO)
- xiii. ***Show and Tell: UNOPS Collaboration with the Federation of Consulting Engineers (FIDIC) to Issue a New Format for Works Contracts***
[Annex 26](#): Presentation ‘UNOPS New Construction Contracts’ – James Provenzano & Guillaume Lemenez (UNOPS)
- xiv. ***Show and Tell: UNFPA’s Action for Strategising Procurement***
[Annex 27](#): Presentation ‘The Value of Procurement and the Power of Partnerships’ – Eric Dupont (UNFPA)
- xv. ***IAEA Procurement Reform***
[Annex 28](#): Presentation ‘Procurement Governance Reform at the International Atomic Energy Agency’ – Christine Tonkin (IAEA)
[Annex 29](#): Document ‘Procurement Governance Reform at the International Atomic Energy Agency’
- xvi. ***HLCM PN Surveys & Statutes***
[Annex 30](#): Document ‘High Level Committee on Management Procurement Network Statutes’
[Annex 31](#): Presentation ‘HLCM PN Surveys’ – Vanja Ostojić (HLCM PN Chairperson)
[Annex 32](#): Document ‘HLCM PN Surveys Procedure’
- xvii. ***HLCM/CEB Secretariat Update***

xviii. ***Vice-Chairperson Election, Outstanding Issues, Next Venue and Closing***
[Annex 33](#): Document ‘Summary of Salient Points’

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

12. The PN Chairperson and 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 Rome in September 2011. The full presentation can be found in [Annex 3](#).

PN Secretariat

13. Information on the *state of the Procurement Network* was provided. The Network has grown from 115 to 124 members since the last meeting and 40 Organisations are represented. There are 67 core members and 57 non-core members in the Network. The gender gap is closing, with 56% of the membership represented by the male gender and 44% by the female.
14. The Secretariat also provided, as usual, an *overview* of the Working Groups (WG) and Special Projects.
15. A number of *new developments* have taken place since Rome and these are as follows:
- PN Workspace on UNGM – first phase, for sharing of meeting documentation
 - Indexing of documents – to facilitate referencing of meeting documentation
 - Agenda Item Summary Sheets – to provide members with background information on the various agenda items and facilitate decision-making
16. The next steps for the development of the *PN Workspace* were presented as well as other activities undertaken by the PN Secretariat over the past 6 months.
17. The PN Secretariat *thanked* Mr. J. Rouco (UNRWA) for his invaluable support in preparing for the meeting in Jordan. She also thanked the PN Management Board for its support and ‘hands-on’ approach, and expressed appreciation of the PN Chairperson for the guidance provided over the past year.

PN Management Board

18. The PN Chairperson *thanked* the PN Secretariat for the important role played between the two meetings and for being readily available to provide support. In that regard UNDP was thanked as well, for continuing to provide funding for the Secretariat position. The Chairperson also expressed *appreciation* of the work of the UNOPS/UNGM team in developing the PN Workspace, which greatly facilitates the functioning of the Network. He urged PN members to provide their feedback on the Workspace and how they would like to see it develop in the future.
19. UNRWA *commended* the work carried out on the PN Workspace.
20. Amongst other activities, the Chairperson provided *updates* on the HLCM Workshop on Improved Efficiency and Cost-Cutting Measures held in November 2011 as well as the

Briefing for Donors to HLCCM Harmonization of Business Practice (HBP) Plan of Action in December 2011.

21. Several members expressed *concerns* regarding potential collaboration in the area of ICT, as mentioned during the update on the HLCCM Workshop on Improved Efficiency and Cost-Cutting Measures. In particular, there was widely felt scepticism about services provided by UNICC being more cost-effective than those of external providers.
22. The PN Chairperson advised that, although the *ICT Network* has carried out a data communication study and identified potential for savings, it has not yet approached the Procurement Network with a request to initiate a common procurement action in this regard. He also added that any such collaboration has to be established on the basis of a full business case to be developed by the ICT Network.
23. The PN was briefed on the recently finalised and issued *JIU Note on Procurement Reforms in the UN System*. The Note contains two recommendations (N° 17 & 18) to the CEB, to be implemented through the HLCCM Procurement Network. The Chairperson informed on their implementation status:
 - Collaborative procurement is a regular agenda item at PN meetings
 - The PN reports regularly to the HLCCM on progress with collaborative projects
 - The PN is establishing a method for calculating and reporting on benefits
 - A spend analysis has been carried out to identify further opportunities for collaboration

IV. WORKING GROUP ON HARMONISATION

24. This Working Group is *Chaired* by Ms. Ann Hasselbalch (UNICEF) who regretfully was unable to attend the meeting in person. The session was introduced by the Vice-Chairperson of the WG, Mr. Eric Dupont (UNFPA) and the presentation was made by the Project Manager, Dr. Alexander Blecken (UNICEF). The full presentation and decision documents can be found in [Annexes 4, 5, 6 & 7](#).

Progress Report

25. The Project Manager provided an *update and key results* achieved since the 10th session of the PN in Rome in September 2011.
26. Since the last PN meeting the WG has:
 - Issued a report on the comparative analysis of UN organisations' financial regulations and rules
 - Undertaken a comparative analysis of UN organisations' procurement manuals and policies
 - Conducted and reported on an inter-agency HQ-level survey on status of common UN procurement
 - Developed a standardised table of contents for UN procurement manuals
 - Revised the 'Guidelines for Common UN Procurement at the Country Level', including practical tools

- Facilitated UNSSC training on common UN procurement
 - Developed a methodology to help quantify the extent to which UN organisations cooperate
27. An update was also given on the status of *implementation of decisions* taken by the PN at its previous meeting.
 28. The PN agreed in Rome to support the use and implementation of a common *Supplier Code of Conduct* (SCoC). The SCoC has since been amended by ILO in order to address certain provisions relating to labour conventions. The amended SCoC is currently under review by the UN Office of Legal Affairs and will be presented for endorsement at the next PN meeting.
 29. UNDP highlighted again that there are *inconsistencies* between the SCoC and the UN General Terms and Conditions, specifically those addressing mines. Before the SCoC is adopted, it should be ensured that the two documents are consistent with each other.
 30. The WG proposed *two items* for decision.

(i) Revised ‘Guidelines for Common UN Procurement at the Country Level’

31. Proposed Decision: *The Procurement Network endorses the second edition of the ‘Guidelines for Common UN Procurement at the Country Level’. The Procurement network recommends to its members to incorporate these guidelines in their organization-specific regulatory frameworks as appropriate and encourage their staff to apply them.*
32. The Project Manager informed that the content of the document was developed by the project team with regular *consultations and support* from the members of the Harmonisation WG, UN DOCO and country-level practitioners. An advanced draft of the document was reviewed and *agreed upon* by all members of the WG at a meeting in Geneva, January 2012.
33. UN/PD raised concerns about the (new) Chapter 3.9 ‘*Removing the impact of confidentiality as an impediment to sharing of UN contracts*’ being included in the document, since some private corporations may not accept the terms and conditions of their contracts with the UN being shared with other parties not specified in the original contract to include other UN Organisations.
34. UNOG explained that the chapter was introduced to highlight *aspects* to be aware of concerning confidentiality and was intended to guide, in particular, procurement officers with limited experience in contract development and interpretation of contractual terms.
35. UNOPS, who publishes all their contracts awards, believes that confidentiality should be the *exception* in this age of transparency, and that vendors should be encouraged to open their contracts up to others.
36. WIPO suggested, as a *starting point*, not to include any confidentiality clause in the terms and conditions of the contract. WIPO does not provide the vendor with any confidentiality protection unless the vendor requests it.

37. The UN Secretariat and UN/PD expressed *concerns* about endorsing a document called ‘Guidelines for Common UN Procurement at the Country Level’. In their experience Guidelines tend to become rules, which subsequently means being audited for compliance. The procurement activities of UN/PD are focused on international competition, while the framework of the Guidelines is for country-level procurement, which supports working with local vendors. It would for this reason be difficult for UN/PD to comply with the Guidelines and endorse them.
38. ITU was of the view that the new chapter on confidentiality should not be included in the document, but strongly *supported* the endorsement of the Guidelines. In ITU’s experience auditors do not require compliance with Guidelines since they are not legally binding.
39. The PN Chairperson *underlined* that the purpose of the Guidelines was not to replace rules and regulations of the Organisations, but to *facilitate* common procurement at the country level.
40. FAO supported this, but were concerned that the Guidelines read too much like rules and strongly urged that the document undergoes another round of *editorial revision* by individuals trained in developing these kinds of materials, bearing in mind that those destined to use them may not be native English speakers.
41. UNRWA were concerned that endorsing the Guidelines would create *expectations* amongst the Member States that it most likely would not be able to deliver on. The environment in the Middle East is very *complex* – there are 18 different UN Organisations in Jordan, each with different mandates, volumes, financial rules etc. and given the changing dynamics in the region and demand for an agile response, cooperation in a harmonised manner would be extremely difficult.
42. UNICEF supported the Guidelines, which it sees as a *valuable tool* for country offices to carry out joint procurement activities in a professional manner. It intends to indicate in its procurement manual (and through training) that the Guidelines are not mandatory, but should be used as appropriate.
43. UNDP also supported the Guidelines and commended the work of the project team. The Guidelines are seen as very *practical* and important for UNDP country offices who regularly seek advice on how to collaborate with other UN Organisations.
44. UNFPA advised that operational staff and not procurement specialists carry much of the work they do in the field, therefore, these Guidelines will greatly *facilitate* their work.
45. UNHCR and WFP commended the work of the project team, advised that the document will also be important in facilitating their work in the field and *encouraged* the PN to endorse it.
46. Following extensive exchange of views in the plenary, the PN Chairperson invited all interested parties to work with the Project Manager in order to agree on the final text of the decision.
47. **Endorsement:** Based on these discussions, the title of the document was amended and the decision item was *endorsed* as follows:

The PN recommends its members to use, consistent with their regulations and rules, the modalities of the “Common UN Procurement at the Country Level” in their organisation-specific operational framework and to encourage organisations to apply them.

(ii) Table of Contents:

48. Proposed Decision: *The Procurement Network endorses the developed **standardised table of contents** for UN procurement manuals. The Procurement Network recommends to its members to adopt the developed standardised table of contents in their procurement manuals as appropriate.*
49. Members were *supportive* of the standardised table of contents (ToC), although it may mean that some will have to revise their manuals.
50. FAO *supported* the adoption of the ToC as long as it is clear that they will not necessarily do so until such a time as their procurement manual needs to undergo a major revision.
51. The PN Chairperson underlined that this was a *first step* in a long process of harmonising the rules of the organisations.
52. **Endorsement:** The Network *endorsed* the developed standardised table of contents for UN procurement manuals and recommended its members to adopt the standardised table of contents in their procurement manuals over time and as appropriate.

Moving forward

53. The Project Manager 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.
54. There was a discussion regarding the seeking of funds to extend the work of the Harmonisation Project to e.g. harmonise bidding documents for standard purchase items, to focus more on HQ-level activities etc.
55. The point was raised that the HLCM HPB Steering Committee would most likely want to see results from the current project prior to considering a project proposal for additional funding.
56. The PN agreed that the WG should develop a proposal to extend the project on the basis of the original TOR. The WG was advised to ensure that the proposal highlights relevant elements of efficiency and tangible elements demonstrating cost effectiveness.
57. The PN Chairperson *commended* the achievements of the WG, and the Project Team for its great energy.

V. WORKING GROUP ON SUPPLIER ACCESS

58. Mr. Ard Venema (UN/PD), Chairperson of the Supplier Access Working Group, *presented* this topic. The full presentation can be found in [Annex 8](#).

Progress Report

59. Following the endorsement of the Policy for Multi-Agency Business Seminars at the PN meeting in Rome, the WG has now updated the *Guidelines for Organising Entities* ([Annex 9](#)), and made them available on www.ungm.org.
60. Business Seminar *activity* for 2011 was presented, including various statistics and geographical outreach of events.
61. In an effort to measure the impact of business seminars, the WG has established *KPIs* based on data extracted from the UNGM. The UNGM data was reviewed to measure the increase in the number of vendor accounts per country and the registration status. It revealed that 80% of UNGM vendor accounts have either no registration status or have only started their registration.
62. A number of *conclusions* were drawn from this exercise, and are as follows:
 - UNGM provides interesting and useful data that can be used to improve and focus outreach efforts
 - UNGM data as a KPI for Business seminars does not give a complete picture and other factors need to be taken into consideration as well:
 - What would the increase be without a seminar?
 - Number of accounts versus acceptance by UN Agencies
 - Does not include participation in tenders/contract awards
 - Does not distinguish between countries with different size and development status
 - Development of standard UNGM reports is desirable and reform of the UNGM Vendor Registration process is key to further improve the results of outreach efforts
63. The WG Chairperson highlighted that in terms of *cost-benefits*, while a value can be put on travel, DSA and other expenses, the value of supporting effective competition, fairness & transparency as well as goodwill to the Member States is priceless.
64. Finally, the *activities planned* for 2012 were presented in terms of business seminars and other initiatives the WG will be focusing on:
 - Publication of Business Seminars on the UNGM website
 - Increase participation of UN Agencies in Business Seminars
 - Increase effectiveness of Business Seminars – cooperation with UNGM Vendor Registration Sub-Working Group
 - Explore other possibilities to increase Supplier Access, e.g. use of Social Media (YouTube, Twitter etc.)
 - Further collaboration with the International Chamber of Commerce/World Chambers Federation (ICC/WCF) to organise seminars focused on training Chambers of Commerce

65. UNOPS/UNGM agreed that the *correlation* between business seminars and UNGM activity should be worked on further and important to be aware of when reforming the UNGM.
66. IFAD *supported* the proposal of establishing a reporting mechanism on UNGM and urged this group to work closely with the Sub-Working Group on UNGM Vendor Registration Reform to ensure that the new version UNGM is configured in a way to meet this need.
67. WIPO raised the point that business seminar activity also has an impact on the *financing* of the UNGM in terms of increasing subscription to the Tender Alert Service (TAS). Finding other ways of promoting TAS subscription should be explored.
68. UN/PD has had a good response so far to the development of its procurement application for mobile devices. They will continue to explore other *technologies* and social media platforms, and will be happy to share their experiences with the group.
69. The PN Chairperson *thanked* the WG and the PN Secretariat for the work carried out and encouraged the group to continue collaborating with the UNGM Sub-Working Group on Vendor Registration Reform and with the Chambers of Commerce.

VI. VENDOR ELIGIBILITY PROJECT

70. This topic was *presented* by the Mr. Dominic Grace (UNDP). The full presentation can be found in [Annex 10](#).

Survey on implementation

71. A survey, carried out in February 2012 in follow up to the one carried in August 2011, *focused* on Member Organisations' plans for implementing a Vendor Sanctions Policy (VSP) based on the Model Policy Framework (MPF), as well as perceived obstacles and areas of opportunity and collaboration.
72. To date, only two Organisations (UNDP and UN/PD) have *implemented* a VSP. Out of the 19 Organisations that participated in the survey, 10 indicated that they have implementation in their work plan for 2012 and consultations are underway.
73. The *main reasons* for others not having implementation underway were identified as: the Organisation needing additional financial and technical resources; a lack of expertise to draft and rationalise an Organisation-specific system; or changes being perceived as having more negative than positive impact on the Organisation.
74. In terms of *collaboration*, 7 Organisations will implement a VSP in collaboration with other Organisations and 12 will do so alone. The survey indicated a widespread sharing of Organisation-specific policies and templates, and lessons learned by others.
75. The main *challenges* expressed by participants in coordinating actions in implementation were: keeping the list of sanctioned vendors confidential (73.7%); sharing information through the UNGM Sanctions Module (57.9%); or expected push-back from high-profile vendors (52.6%)

UNDP update

76. UNDP implemented its Vendor Sanctions Policy in November 2011. The nomination process for the 5 voting members to the *Vendor Review Committee* has also been concluded. The members, who are a mix of procurement staff and management from various UNDP Bureaux, are expected to be appointed in March 2012.
77. The UNDP public *website* has been updated to reflect the Policy.
78. Internal *communication material* on the Policy has also been developed and senior management briefed.
79. To avoid misunderstanding, UNDP recommends that Organisations engage with their *investigations units* before implementation, in order to explain the background and actions being taken.
80. Finally, the Sanctions Policy has become a key consideration for UNDP when devising *legal strategies* for dealing with specific vendors.
81. Following on from the update provided at the last PN meeting, UN/PD advised that it is in the process of *reviewing* the set-up of its Senior Vendor Review Committee (piloted prior to launch of the MPF) in order to be able to successfully adopt the MPF.
82. UNOPS highlighted that since some investigations may be referred to national authorities, *professionalising* the investigation process is of critical importance. They propose drawing from each other's experiences in this area.
83. UNDP agreed and in this regard stressed the importance of ensuring *confidentiality* of information during the investigation process, and factoring this into training and selection of the vendor review committee.
84. The PN will continue to *monitor* implementation progress of the MPF and thanked UNDP for the update and their confirmation that they will continue to be the *focal point* for this topic.

VII. WORKING GROUP ON VENDOR MANAGEMENT (UNGM)

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

UNGM Briefing

86. The PN was provided with a briefing on the UNGM, presented by Mr. Niels Ramm (UNOPS/UNGM). The full presentation can be found in [Annex 11](#).
87. As part of the briefing, the UNGM *Operational Report* for 2011 ([Annex 12](#)) was presented, which included the results of a vendor survey carried out and various ICT developments. The future *sustainability* of the UNGM was also addressed. Increasing functionality requirements and increased usage from both vendors and UN, means that the current UNGM structure and staffing is nearing capacity.

88. The Operational Report also included the following general *recommendations*:
- Increase Latin America representation
 - Ensure LTAs and Contract Awards are posted
 - Increase Agency utilisation of UNGM training programme
 - Promotion of the Tender Alert Service (TAS)
 - Restructure and automate UNGM helpdesk
89. The briefing continued with the *Finance Post Factum Review* for 2011 ([Annex 13](#)), which revealed that the budget for 2011 had under run by USD 17,895. In addition to this the income generated by the TAS exceeded the estimated target of USD 240,000.
90. The *Rolling Budget* for 2012-2013 ([Annex 14](#)) was presented, which included an overview of the projected costs and income for the period.
91. Finally, the WG Chairperson, also presented an initiative, already endorsed by the UNGM Steering Committee, aimed at proposing that a *Reserve Fund* (RF) be established and the UNGM Operating Modalities amended accordingly. The main purpose of the RF is to cover a shortfall in any given year between the UNGM annual operating costs and the annual income generated by both the annual fixed UN Organisation membership fees and the subscriptions to the TAS. Once the level of the RF has reached the amount of 50,000 USD, the UNGM SC, with the approval of the UNGM membership, may decide to use any excess beyond that level, wholly or in part, to finance other projects.
92. There was widespread support for the establishment of the RF.
93. The UN Secretariat urged the PN to keep an open mind as to how the RF should be utilised e.g. it could be used to reduce fees as well as for financing new developments.
94. ITU and UNRWA enquired as to whether the *flat fee* per Organisation could be scaled in accordance with UNGM usage and procurement volume.
95. **Endorsement:** The PN *endorsed* the Rolling Budget for 2012-2013 and the establishment of a RF. It was agreed that the UNGM SC would propose text that will be incorporated into the UNGM Operating Modalities concerning the RF at the next PN meeting. It was also *agreed* that the UNGM SC would review the organisational structure and funding mechanism of the UNGM and revert with findings and proposals at the next PN meeting.

VIII. UNGM Vendor Registration Reform

96. At the last PN meeting, the PN endorsed the *proposal* made by the UNGM Steering Committee and the decision to create, under the supervision of the UNGM Steering Committee, a Sub-Working Group (SWG) on the reform of the UNGM vendor registration process. The SWG is led by Mr. Sandro Luzziatti (IFAD) who presented this session. The full presentation can be found in [Annex 15](#).

97. The *activities* of the SWG were presented, which include a survey of vendors and of Organisations. The results of which were used to finalise some of the decisions of the proposed reform.
98. The reform proposal was summarised and the *principles* of the proposed basic registration process and the higher level qualification process were explained.
99. Some further recommended *developments* were also presented such as a common evaluation team, automatic retrieval of financial information from external providers and product-specific qualification of vendors.
100. The SWG has prepared a *Business Case* ([Annex 16](#)) on the registration reform, which includes:
- The principles and details of the proposal
 - Technical feasibility and cost assessment
 - Cost-benefit analysis
 - Key stakeholder analysis
 - Analysis of impact on vendors and Agencies
 - Risk analysis and legal implications
 - Funding proposal and funding strategy
 - Communications strategy
 - Project implementation plan
 - Project outcome assessment (quantitative KPIs)
101. The *main points* of the Business Case were presented, an important aspect being that the Reform presents the ideal opportunity to redevelop UNGM architecture and ensure the best possible technology and structure to support future development. This will resolve current issues of out-dated architecture (reduced compatibility with modern software platforms, limited multi-language support and decreased system stability as new functionalities are added) and issues pertaining to site usability, as identified via the surveys.
102. Some existing UNGM *functionalities* can easily be transferred to the redeveloped system, notably, the vendor eligibility module, UNSPSC coding functionality and the tender alert functionality.
103. The *activities* after the meeting in Jordan will include, preparation of a Project Proposal for the HLCM Steering Committee on Harmonization of Business Practices (HBP SC), completing the TOR for the project, the UNGM SC to prioritise activities and the UNOPS/UNGM team to explore the possibilities for outsourcing/off-shoring development work.
104. It was proposed that:

The UNGM Membership and the HLCM PN endorses the proposal to reform the UNGM Vendor Registration process as outlined in the Business Case and Implementation Plan prepared by the Sub-Working Group of 21 UNGM Members

and

To submit a proposal for the consideration of the HLCM Steering Committee on Harmonization of Business Practices, in order to obtain the funding for the project implementation.

105. WFP and UN/PD enquired about the feasibility of the new system being integrated with *ERP systems*. The leader of the SWG clarified that integration with ERPs was outside the scope of this project, but it would be an important consideration when selecting the software of the new platform.
106. UNRWA raised the concern that the terminology '*local/global*' vendor may be more suitable than '*international/national*' for a region such as Gaza. It was therefore recommended that UNRWA maintains its presence in the SWG since this type of detail will be looked into once the specifications are being developed.
107. The UN Secretariat was very *supportive* of the reform of the registration process and hopes it will help eliminate the numerous separate vendor rosters that still exist within the UN System.
108. The UN Secretariat queried the *risk* of the development work taking longer than estimated. The UNGM Project Manager informed that the estimated development time was seen as fairly accurate but will be verified once the detailed specifications have been developed.
109. **Endorsement:** The PN unanimously commended the SWG on its work and *endorsed* the Business Case on the Reform of the UNGM Vendor Registration Process and the submission of a project proposal to request funding from the HLCM HBP SC.
110. The leader of the SWG *thanked* the members of the group, the UNGM Steering Committee and the PN Secretariat for the support provided, and the Harmonisation WG for being a model in the operating modalities of the SWG.

IX. COLLABORATIVE PROCUREMENT

Vehicles

111. 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 17](#).
112. After providing the background, goal, objectives, risks and expected benefits of the project, the Coordinator gave an update on *progress* to date and the *next steps*:
 - The MOU has now been signed and the funds transferred
 - The TOR has been developed for the Team Leader position
 - The position has been advertised and shortlisting is taking place – 38 applications received
 - Discussions are taking place with INSEAD on potential support
113. UNOPS *supports* this initiative and advised that they have taken the decision to fully open up all their vehicles LTAs for others to use. They do hope, however, that others would still choose to come to UNOPS for the service it can provide.

114. UNOPS advised caution with multiple Agencies potentially dealing directly with the *vendors* as a result of this project.
115. The Project Coordinator *underlined* that the project was geared towards exploring other options available – the first phase will focus on data-gathering, the second one on potentially establishing joint LTAs and only in the third phase will it be decided if there is any value in having a centralised system for procuring vehicles e.g. one agency coordinating the procurement on behalf of others.
116. The PN Chairperson *thanked* the Coordinator for the work done so far on the collaborative procurement project for vehicles and reminded that there are high expectations for results.

Cargo and Warehouse Insurance

117. The Coordinator of this project is Mr. Ramakrishnan Iyer (UNDP), who was regretfully unable to attend the meeting. Mr. Eric Dupont (UNFPA), another member of the project group, gave a *brief update* on the project: The full presentation can be found in *Annex 17*.
118. After describing the purpose of the project a *progress report* was given:
 - UNFPA, FAO, UNOPS, UNICEF and UNDP have been participating in this project
 - The RFP has been launched and closes on 28 March
 - Evaluation is expected to take place during the week of 16 April
 - The new policy is expected to be in place in the 3rd quarter of 2012
119. The *challenges* faced by the group were also presented. These are primarily the following:
 - Differing loss ratios of the participating Organisations, based on the nature of the goods procured
 - Lack of harmonised bidding documents and General Terms & Conditions (RFP issued with 5 sets) and therefore 2 rounds of Q&A
 - Other inter-agency challenges, such as, delayed decision-making, number of participants & groups involved (transport, legal etc.) e.g. some participants required last-minute review of the TOR by legal staff after the project had been underway for over a year
120. UNFPA expressed the need to agree on what is meant by being the *Lead Agency* and is supportive of the bidding documents of the Lead Agency being the ones that are followed.
121. OPCW queried how the *loss ratio* was going to be handled and UNICEF advised that this was not known yet, but there was a hope that the ratios would be better than those of the current contract. A way would also have to be found for Organisations not to be penalised for the high loss ratios of others.
122. Since this process will most likely result in *5 separate contracts*, the UN Secretariat raised the question as to whether this really was collaborative procurement and whether there would be any benefits in the end.

123. UNFPA and UNICEF advised that benefits would most likely be in terms of *cost-avoidance* rather than cost-savings – joint forces in developing the TOR and in contract negotiations, as opposed to each doing separately, would in itself save time for all.
124. WIPO questioned the rational of including the *Terms and Conditions* when it was unlikely that they would be accepted by the insurance contractor. UNFPA informed that it was important as a starting point to include them, although most of the clauses will most likely have to be negotiated.
125. IFAD pointed out that this process demonstrates that *guidelines* for collaborative procurement are important for HQ activities as well as for the Field.
126. The PN Chairperson *thanked* UNFPA for the presentation and for explaining the challenges that are faced with a collaborative procurement project of this nature.

Freight Forwarding

127. The Coordinator, Mr. Joselito Nuguid (UNICEF), provided an *update* on this project, which has now concluded.
128. LTAs have been established with 4 sea freight and 2 air freight companies.
129. UNICEF, UNFPA, UNHCR and UNOPS have *awarded* the contracts.
130. UNDP is still *negotiating* some of the clauses in the Terms & Conditions.
131. WFP have decided to work with all of the selected contractors, but only concerning *some* of their business.
132. The *estimated cost avoidance* (ECA) is between USD 12 to 13 million, however, a more practical way of calculating ECA needs to be finalised. Comparing current rates, with previous contract rates versus post contract award rates for this project is difficult as this market is one where prices are very volatile.
133. The PN Chairperson *thanked* the Coordinator for the update and highlighted the HLCM *expectations* for the PN to report back with a methodology and figures on cost-avoidance.

New Project: Death and Disability Insurance for Service Contract and Consultants

134. Although this has not been a PN project, Mr. Dominic Grace (UNDP) *presented* the work done in the event that other members were interested in opting in. The full presentation can be found in *Annex 16*.
135. The *purpose* of the initiative has been to combine death & disability insurance coverage for individual consultants and service contract holders into a single policy.
136. Based on their *combined volumes*, UNDP, UNICEF, UNFPA and UNOPS launched a joint RFP in September 2011, for 5 year coverage. This resulted in 3 valid bids and 2 technically

qualified bids. The financial evaluation is underway and execution of the contract is expected in the 2nd quarter of 2012.

137. Based on the lowest financial offer, UNDP has determined that it will *save* USD 8 million over a 5 year period.
138. Other Organisations with a large volume are encouraged to *join* this project in order to achieve potential savings.
139. UNESCO enquired about *coverage* for contract holders in high-risk geographical areas. UNDP advised that the RFP covered the whole world and the rates averaged out in the end due to low-risk locations also being included.

Procurement Spend Analysis

140. In follow-up to the findings of the spend analysis presented at the last PN meeting, IAEA carried out a second round of data-gathering, the *findings* of which were presented by Ms. Christine Tonkin (IAEA). The full presentation and a supporting paper can be found in [Annexes 18 & 19](#).
141. As well as providing the survey results, the presentation looked at a number of important *aspects* pertaining to successful collaboration and understanding it better, which include:
 - The circumstances where collaborative procurement is feasible – focusing on common, simple to procure items is recommended
 - The conditions for effective collaboration – the apparent benefits should outweigh the costs, it is important to work with rather than at cross purposes with the relevant supply market, requisitioners should be aligned with procurement capacity and collaboration should only take place on a global level where it makes sense to do so
 - Collaboration can take place in various ways
142. While UN System Organisations may achieve considerable *savings and benefits* by collaborating with each other in the procurement of certain categories of goods and services, the magnitude of the potential aggregate savings has most likely been *over-estimated* – analysis suggests that only maximum 20-30% of UN procurement spend is open to collaboration.
143. In terms of the survey results, three *main areas* for potential collaboration were identified by the majority of Agencies:
 - IT Software (Cisco, Adobe, Oracle/SAP, Microsoft and etc.), 80% of 13 Agencies agreed
 - IT Hardware (desktop computers, laptops, printers etc.), 80% of 13 Agencies agreed
 - Travel Services, 50% of 13 Agencies agreed
144. Addressing these categories will require the investment of *resources* by interested Organisations and identifying a Lead Agency for each category to coordinate efforts.

145. Finally, in order to identify other candidate categories, IAEA recommends that each Organisation develops capacity in procurement *portfolio management*, as is common in the private sector.
146. UNFPA, who has been collaborating with other entities in the area of reproductive health, concurred with the importance of *understanding the market* and has experienced that in doing so great results can be achieved.
147. UNDP pointed out that it *collaborates* successfully with UNICEF in the area of pharmaceuticals, which being a complex and specialised area should, according to the presented matrix, not be an ideal scenario for collaboration. IAEA explained, however, that as long as the demand attributes of the Organisations are *aligned* then collaboration is feasible.
148. UNICEF suggested that *other forms* of collaboration should be taken into account, such as their collaboration with other Organisations in the areas of pharmaceuticals, food items etc. where the collaboration typically takes the form of division of labour and responsibilities.
149. The PN Chairperson *thanked* IAEA for the informative presentation. Since the survey has revealed that IT is an area that would be well-suited to collaboration, the next step should be to contact the ICT network in this regard.

X. WORKING GROUP ON PROFESSIONAL DEVELOPMENT

150. The Working Group is *Chaired* by Mr. Torben Soll (UNDP). The full presentation can be found in [Annex 20](#).

Progress Report

151. An *update* was provided on the three Sub-Working Groups that exist under the Professional Development Working Group:
152. (i) *Job Descriptions (JD)*, led by Ms. Lena Romer (UNICEF)
As previously agreed, activities on the development of common JDs has been put on hold for the time being. In the meantime, a space has been created on UN Teamworks for the sharing of JDs. To date, more than 20 Organisations have allocated a JD focal point. The aim is to have one focal point per Organisation; therefore those who have not yet assigned a focal point are requested to do so. A briefing note and survey for focal points has been prepared in order to identify the issues and challenges that exist in terms of updating JDs etc. The HLCM/CEB Secretariat is supportive in facilitating discussions with the HR Network as or when required. The findings of the survey will be presented at the next PN meeting.
153. (ii) *Knowledge Sharing*, led by Ms. Christine Tonkin (IAEA)
The need to have a peer-to-peer knowledge sharing space for all procurement staff to exchange innovative approaches, best practices, sharing of information of general interest, and provide a simple and self-moderated on-line discussion forum has been identified. Therefore, a draft concept paper ([Annex 21](#)) has been submitted, proposing that the PN endorses the development of such a space on the UNGM portal. The WG proposes seeking funding for such from the HBP Steering Committee.

154. (iii) *Training Courses*, led by Torben Soll (UNDP)
The main activity of this group to date has been to update the *Training Compendium*. The next update of the Compendium will be in the 3rd quarter, 2012. In preparation for this, the PN Secretariat will send out requests for updating information later this spring.
155. Moving forward, the Professional Development WG intends to compile an *overview /mapping/ranking* of various certification programmes with international outreach e.g. ISM CPM, CPSM, NIGP, CIPS, UNDP/CIPS etc. and perhaps explore developing a competency framework for procurement and supply given changing procurement competency requirements.
156. ITU has faced HR-related challenges with JDs and therefore *supported* the idea of working with the HR Network in order to try and resolve some of the issues.
157. PAHO enquired about the possibility of developing a certification programme for *clients*, preferably geared to give a better understanding of procurement.
158. A number of Organisations were concerned about the *capacity* of the UNGM in accepting another new task. The Chairperson of the UNGM SC advised that while the SC may endorse the initiative this would not necessarily mean that the development work would take place in the immediate future, and it would be subject to funding, including funding of on-going operational costs. The UNGM Project Manager added that the realistic start date would be 3rd - 4th quarter, 2013.
159. IFAD suggested using Teamworks as the *short-term* solution and only once the knowledge-sharing concept has been fully developed, and the proposed new UNGM technical platform in place, put forward a request for funding.
160. **Endorsement:** The PN *agreed* that there is a need to develop a peer-to-peer knowledge sharing space for all procurement staff to exchange innovative approaches, best practices, sharing of information of general interest, and provide a simple and self-moderated on-line discussion forum, and it encourages the WG to prepare a business case for a long-term solution.

XI. WORKING GROUP ON SUSTAINABLE PROCUREMENT

161. This Sustainable Procurement (SP) Working Group is *co-Chaired* by Mr. Niels Ramm (UNOPS) and Mr. Jacob Kurian (UNEP). The full presentation can be found in [Annex 22](#).

Progress report

162. The WG has undertaken the following *activities* since the last PN meeting:
- Drafting a proposal for the structure and approach to Advisory Services on SP
 - Letter from Chairperson of EMG sent to Agency heads to inform of the SP guidance materials available and share the ‘Buying for a Better World’ guide
 - Awareness-raising flyer on SP completed, soon to be disseminated
 - Preliminary SP implementation support provided to UNFPA
 - Final draft of the on-line SP training tool, based on the SP Guidelines - currently being reviewed

163. The *SP 2012 Work Plan* ([Annex 23](#)) was presented for PN endorsement and includes such activities as SP implementation advisory & assistance, SP training and an SP Communication Strategy. The objectives of the latter are to raise awareness and give a better understanding of SP, and to help secure commitment of Organisations to implement SP activities.
164. At the PN meeting in September 2011 it was agreed that the primary focus of the WG would be to provide interested UN Agencies with advisory services in SP implementation. In response to this the WG drafted a proposal for *SP Advisory Services* ([Annex 24](#)) and presented it for endorsement. It is proposed that the Advisory Group is comprised of volunteering members of the WG as well as experts from external institutions where relevant/feasible. If the required services are large-scale, there may be a charge for providing them. The services are expected to be provided on-request basis, after consideration by the Advisory Group.
165. It was agreed that the WG should continue operating in the same manner pending the decision on sustainable procurement by the UN General Assembly in 2013.
166. UNDP advised that it has been approached by the Swedish Government on doing a total cost of ownership *study*. The results will be shared with the PN once available.
167. UNDP enquired about developing some further basic *e-training* courses that could be rolled out. The WG co-Chairs see the online tool as a step in this direction and would appreciate any expertise UNDP's training unit can provide.
168. ITU was concerned about the potential charges for advisory services. The co-Chairs advised that the WG will endeavour to provide the advisory services through in-house expertise, but *cost-recovery* may need to be considered in some cases depending on how the concept develops.
169. **Endorsement:** The PN *endorsed* the 2012 Work Plan of the SP Working Group. The PN also *endorsed* the proposal that the SP Working Group's primary focus is to assist UN Organisations and their procurers in the implementation of SP, as would be permitted within their respective legislative frameworks, by offering advisory services. The Network took note of and agrees with the approach described within the draft concept note.
170. The PN Chairperson *commended* the WG for the work achieved and for its constant progress while operating under delicate circumstances.

XII. SHOW AND TELL: ISO 9001 CERTIFICATION, PROCUREMENT SECTION, ICAO

171. Ms. Marie-Ange Nyssen (ICAO) *presented* this topic. The full presentation can be found in [Annex 25](#).
172. In early 2011, ICAO made the *decision* to embark on ISO 9001:2008 certification of its Procurement Section. The services of a consulting firm specialising in quality management systems were procured in May 2011 with the aim to obtain certification by January 2012. The audit of the Registrar was finalised on 1 February 2012 with positive results.
173. There have been *four major steps* in the process: (i) development of documentation, (ii) staff training, (iii) put the quality management system (QMS) into practice and (iv) audit &

certification. Regular audits now take place on an annual basis, with one major audit every three years.

174. ICAO have outlined a number of *benefits* in achieving certification, notably:

- Defined and documented procedures improve output
- Quality is constantly measured through quality measures/key performance indicators
- Defining procedures identifies current practices that are obsolete or inefficient
- Documented procedures facilitate corrective actions when defects occur and preventive actions before defects occur
- Documented procedures make it easier to train new staff members

And ultimately,

- Increased customer satisfaction & support (reduced processing times, more involvement etc.)
- Increased staff member motivation by standardising procedures
- Improved efficiency
- Decrease in workload
- Fully managed procurement life-cycle

175. The process has not been without *challenges*, which have included, staff reluctance to change, costs associated with implementation (consultants, staff resources), time required for ISO preparation and the fear of increased workload through QMS. In addition to this, the initial certification is only the start. As the QMS matures, procedures need to be improved and revised. Therefore, commitment of senior management and all users of the QMS is key.

176. UNFPA, who is also ISO certified, has found that that certification is an *asset* when approaching donors.

177. The PN Vice-Chairperson *thanked* ICAO for the informative presentation.

XIII. SHOW AND TELL: UNOPS COLLABORATION WITH THE FEDERATION OF CONSULTING ENGINEERS (FIDIC) TO ISSUE A NEW FORMAT FOR WORKS CONTRACTS

178. Mr. James Provenzano (UNOPS) and Mr. Guillaume Lemenez (UNOPS) *co-presented* this topic. The full presentation can be found in [Annex 26](#).

179. To support its infrastructure projects worldwide, UNOPS has *adopted* four new model construction contracts based on FIDIC templates.

180. Each contract is a *unique* document based on, but distinct from, the tender documents.

181. Adopting the model contracts has *enabled* UNOPS to have contracts reflecting the best industry practices and international standards, have an efficient project management tool and to limit its exposure to liability.

182. FIDIC was chosen because it is *well-recognised* throughout the industry, its contracts are widely used by major donors, the templates are fair, prepared by balanced panels and can be tailored to differing needs or practices.
183. The presentation outlined some of the *lessons learned* from the process:
- Introduction of new documents may lead to resistance from users
 - Involve and seek input from relevant users at an early stage
 - Users should read, understand and use the contracts as an active project management tool
 - Several rounds of training are necessary
 - Create a focal team to ensure consistency in how the contracts are used
 - Educate local contractors as well
184. UNOPS *shared* the model contracts with the PN for information purposes. The contracts are available in English, French and Spanish.
185. FIDIC contracts are copyrighted and can be used by paying a *licensing fee*. UNOPS has entered into a 10-year licence agreement (USD 20,000).
186. UNOPS is in the process of creating new *ITBs*, which will be linked to each model contract. The ITBs will be available in English, French and Spanish and UNOPS will share them with the PN once finalised.
187. ITU questioned how *legal departments* can be convinced to accept the use of FIDIC templates. UNOPS advised that it has been not a problem for them to adopt the templates of others and has been using World Bank documents for years. ILO also confirmed that they are using FIDIC contracts for various labour-intensive projects worldwide. These contracts were cleared by the ILO Contracts Committee and the Office of the Legal Adviser.
188. UN/PD queried how it was possible to do this type of *contracting* based on an ITB, since normally the RFP is the preferred method for construction projects, to which UNOPS responded that the key was the Bill of Quantity (BoQ) and that in fact, by using this approach, much of the buffering/inflated costs often built in by contractors is expected to be cut out. However, UNOPS suspects that the RFP approach may be more suitable for ‘lump sum’ type contracts.
189. UNRWA advised that it looks forward to adopting the work carried out by UNOPS and is particularly interested in the *turn-key contracts* that are available in the FIDIC Yellow and Silver books.
190. ILO informed that it has a FIDIC contract type available that has been translated into *Bahasa Indonesia*.
191. The PN Vice-Chairperson *thanked* UNOPS for the informative presentation and for sharing with the PN.

XIV. SHOW AND TELL: UNFPA'S ACTION FOR STRATEGISING PROCUREMENT

192. Mr. Eric Dupont (UNFPA) *presented* this topic. The full presentation can be found in [Annex 26](#).
193. UNFPA's *actions* for strategising procurement explored how value for money can be increased.
194. Based on a risk/spend analysis, *four product categories* were identified: (i) bottle-neck products, (ii) critical products, (iii) nuisance products, and (iv) leverage products. Different strategies have been developed for each of the categories. Given the high risk and high spend profile of *critical products*, this area was identified as the main focus for strategic procurement i.e. increasing value for money.
195. UNFPA proceeded to strategise its procurement of critical products by *partnering* with stakeholders (other large procurers, major donors and other partners) via a Reproduction Health Supplies coalition. The group were then able to engage the pharmaceutical sector jointly.
196. By operating as a coalition UNFPA has achieved *savings* of USD 4.5 million on 3 critical products. Furthermore, the entire reproductive health community has saved some USD 12 million on 2 critical products.
197. This strategic approach has ultimately had a major impact on UNFPA's *programme results* i.e. 250,000 additional women having access to contraceptive implants. In terms of the entire reproductive health community, 600,000 additional women have been given access to implants.
198. UNFPA is in the process of developing *KPIs* that they can share with their donors.
199. UNOPS agreed that *relationship management* is critically important and that this is the direction in which to be moving.
200. UNRWA would like to see more *tender data* being published as it could be very beneficial for others to benchmark against.
201. UNICEF informed that it also undertakes a similar activity, which they call *Influencing Markets*. This effort was started about 8 years ago for a number of its strategic essential supplies. It has resulted in increased competition and reduced prices in the long-term. One example is ready-to-use Therapeutic Food where they initially only had 1 supplier. This number has now increased to 17, and 11 of them are LTA holders. UNICEF has posted historical unit prices for certain vaccines, bed-nets and ready-to-use therapeutic foods on its website, when acceptable by suppliers.
202. The PN Vice-Chairperson *thanked* UNFPA for the informative presentation and for sharing the important results achieved.

XV. IAEA PROCUREMENT REFORM

203. This session was *presented* by Ms. Christine Tonkin (IAEA). The full presentation and supporting paper can be found in [Annexes 28 & 29](#).
204. The IAEA procurement governance and practice reform has sought to adapt and adopt leading practices in the *private sector* within the public sector environment of the IAEA.
205. In the public sector, there are three general *approaches* to procurement governance and practice management: (i) legalistic or rules-based, (ii) that based on principles and, (iii) the outcomes or strategic management approach akin to that evident in the private sector. Until the reforms were finalised in early 2011, the procurement governance at IAEA was a variation on the legalistic/rules based approach. IAEA's procurement regime now reflects the latter, strategic management, approach.
206. In January 2010, a *three year* procurement governance and management reform process commenced at IAEA. The *first year* involved identifying the weaknesses and strengths of the existing governance and procurement practices, negotiating necessary changes to the Financial Rules and administrative procedures, commencing practice changes not dependent on governance reform, including the training of procurement staff and the development of a quality management system.
207. The new procurement practices were fully implemented in 2011. There was a strong focus on *engaging* with all stakeholders, and on both *training* programme and technical staff and professionalising procurement staff. One of the key points of learning for staff has been the value added by the involvement of procurement expertise in the early stages of design and planning.
208. In 2012 the further development of the *expertise* of procurement and programme/technical staff is the priority.
209. Considerable *support* in implementing the new approach to procurement has been received from OIOS through the internal audit, programme evaluation and investigations functions. It is expected that this will continue throughout 2012.
210. The *key features* of the reform have been:
- Accountability
 - Policy objectives
 - Risk management
 - Capabilities
 - Procurement process management
 - Portfolio management
 - Performance
211. There have been a number of important *lessons learned*, notably, never under-estimate the change-resistance of stakeholders invested in the old regime, capability development is crucial to success, and transparency shines a light on the good and the bad sides of procurement, but everyone learns from it.

212. IAEA also highlighted that the *human factor* is key and that if you believe in people and challenge them, they will rise to the occasion, as has been their experience in this process.
213. ITU raised the question of whether it is worth undergoing such a procurement reform if the agency has a *low procurement volume*. IAEA, being a relatively low volume agency, believes it is definitely worth it and that it adds much value.
214. IAEA *welcomes* anyone who wants to use its model or make a site visit to seek inspiration.
215. The PN Chairperson *thanked* Christine Tonkin for her continued support to the Network.

XVI. HLCM PN SURVEYS & STATUTES

216. The PN Chairperson, Mr. Vanja Ostojić (ILO), *presented* a proposed revised version of the HLCM PN Statutes as well as a proposed structure and methodological approach for handling PN Surveys. The full presentation and supporting documents can be found in [Annexes 30, 31 & 32](#).

The Statutes

217. At its 10th session in Rome, September 2011, the PN *endorsed* a proposal aimed at better defining membership to the HLCM PN, as presented by the PN Chairperson. The PN agreed that the specific paragraphs in the Statutes should be amended and requested the PN Management Board to revise the Statutes and distribute to PN members for approval.
218. The PN Chairperson *explained* that, in collaboration with Mr. James Provenzano (UNOPS), the PN Statutes have now been revised to reflect the above and other changes that have occurred over recent years. In addition, a number of PN-related processes have been approved recently and the intention is to sequentially annex these to the Statutes.
219. **Endorsement:** Further to the ensuing discussions the members *agreed* to the revisions except for, (i) Chapter IV on Decision-Making - the version in the original Statutes will be maintained and, (ii) the last sentence in Chapter IX regarding the date of entry into force will be deleted and instead, the revision date of 7 March 2012 will be reflected in the Statutes.
220. It was agreed that a *smaller group* should convene to discuss and propose revised text concerning Chapter IV on Decision-Making, which would be presented at the next PN meeting.

PN Surveys

221. PN members regularly carry out various types of surveys; from simple ‘for information’ requests to comprehensive surveys such as the UN spend analysis. The *objective* of the proposed procedure is to allow for a common structure and methodological approach to PN surveys.
222. The *process* will be such that the initiating PN member or Working Group (Initiator) will submit a request to the PN Management Board through the PN Secretariat. Each request should

contain information on the objective of the survey, the proposed method, time line, resource implication, expected results and how they will be used.

223. Upon completion of data collection and subsequent survey analysis, the *results* will be submitted by the Initiator and disseminated/published by the PN Secretariat on the UNGM PN Workspace, under a section on ‘Surveys’.
224. The *next steps* will be the following:
- The PN Secretariat will create a survey request template
 - The PN Secretariat, in collaboration with UNOPS, will create a dedicated ‘Survey’ section on the PN Workspace (UNGM)
 - Results of available past PN surveys will be reviewed by the PN Management Board and, if found relevant, published on the UNGM (e.g. vendor eligibility survey, competitive bidding and contract award thresholds).
 - The PN Secretariat will systematically publish results of new surveys on the UNGM PN Workspace
225. **Endorsement:** The PN *accepted* the procedure proposed by the PN Management Board for HLCM PN Surveys. The procedure will be attached as an Annex to the PN Statutes.

XVII. HLCM/CEB SECRETARIAT UPDATE

226. Mr. Ronny Lindstrom, the Senior Coordinator of the CEB Secretariat, provided an *update* concerning the HLCM.
227. The PN was advised that the HLCM is continuing its *focus* on efficiency gains and savings. A paper is soon to be released by the Secretary General’s Office, which is expected to provide guidance to the HLCM, based on the efficiency paper it has submitted.
228. There has been a great deal of *interest* from the HLCM in the work the PN has been doing in terms of *collaborative procurement*. The Vehicles Project is of particular interest due to the potential it has for achieving large-scale savings. There is also support for the spend analysis carried out by IAEA as it will help guide the PN in identifying suitable opportunities for collaboration.
229. At the briefing held in December, the Donors to the HLCM Harmonization of Business Practice (HBP) Plan of Action were very *positive* about the work of the PN, which is seen as very concrete and having clear benefits. There is, however, a strong interest in seeing clearly defined ways of *measuring progress* through indicators and baselines.
230. In terms of the other networks, the Senior Coordinator advised that the *ICT Network* is preparing to upscale project-work in Mozambique and Tanzania and may approach the PN for procurement advice.
231. The *Finance Network* may also seek procurement-related advice from the PN on a project its Treasury Service has in the pipeline concerning Banking Services.

232. The PN Chairperson informed the Senior Coordinator that the PN had approved the Business Case concerning the UNGM Vendor Registration Reform Process and would be submitting a Project Proposal to the HBP SC to seek funding. The Senior Coordinator informed that he would be happy to provide *assistance* with the preparation of this.
233. The PN Chairperson also informed that the IAEA survey has identified IT as an area for potential collaboration. The Senior Coordinator advised that he would *facilitate* discussions with the ICT Network in this regard.
234. The PN Chairperson *thanked* the Senior Coordinator for the continued support provided by the HLCM/CEB Secretariat, and in particular in facilitating the approval of funding requests.

XVIII. VICE-CHAIRPERSON ELECTION, NEXT VENUE & CLOSING

Vice-Chairperson Election

235. Mr. Dietmar Plesse (ITU) was nominated and welcomed by the Network as the new *Vice-Chairperson* for the 2012-2013 period.

Next Venue

236. The 12th *session* of the HLCM PN will be hosted by ICAO in Montreal and will take place on 19-21 September 2012.
237. Offers to host upcoming PN meetings were received from ITC-ILO (Turin), UNHCR (Budapest) and UN/PD (Entebbe). The result of a vote determined that the 13th *session* of the PN (March 2013) would be hosted by UN/PD in Entebbe.
238. UNFPA were *concerned* that travelling to Entebbe for the meeting would counter carbon neutrality efforts.
239. UNOPS suggested that in order to help *offset carbon emissions* the meeting could be held in a sustainable manner. It was agreed that the Sustainable Procurement WG would provide the PN Management Board with guidance on this.
240. In order to facilitate the process of venue selection in the future, ICAO proposed the use of the carbon emission calculator available on ICAO's public website, which allows participants to estimate the emissions attributed to their air travel (<http://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>).
241. UNHCR pointed out that it would send a *good signal* to have PN meetings in Africa (and Asia) occasionally.
242. The PN Chairperson reminded members that the PN still had a *standing offer* from AfDB to host a meeting, pending the improvement of the security situation in Tunisia.

Closing

243. The PN Vice-Chairperson presented a summary of *salient points* ([Annex 33](#)) from the meeting.
244. The PN agreed that the following items would be included in the *agenda* of the next meeting:
- Updates from the Working Groups and Projects
 - Terminology and methodology for determining benefits
 - Show and Tell: (i) UNICEF's Actions on Influencing Markets. (ii) Procurement Reform at UNDP and (iii) UNFPA's Access Reproductive Health System
245. The PN Chairperson *thanked* the WG Chairpersons and Project Coordinators for the *progress* made between meetings, and all PN members for their *contributions*. He especially thanked Ms. Christine Tonkin for her input despite recent ill-health, and Mr. James Provenanzo for his valuable contributions to the Network.
246. He also expressed his *appreciation* of the support and contributions of the PN Vice-Chairperson and the Outgoing Chairperson, the latter whom he has learned a great deal from while she served as the PN Chairperson. The PN Secretariat was also thanked for the full support in *facilitating* the work of the PN Management Board.
247. The PN Chairperson also extended *thanks* to Mr. Neil Ashcroft and his team from UNRWA, in particular Mr. J. Rouco, for the excellent organisation of the meeting.
248. The PN Vice-Chairperson *thanked* the PN Chairperson for his *great efforts* in advancing the work of the PN. She also recognised that such *progress* would not be made without all the input from PN members between the sessions. She informed that she was looking forward to working with the PN over the coming year in her role as Chairperson.
249. Finally, the UN Secretariat expressed *appreciation* for the work of the PN Chairperson, in particular for his patient, attentive and balanced approach, which has ensured a *continued momentum* of PN work. The incoming PN Chairperson and Vice-Chairperson were wished well with their new roles.