



23RD SESSION OF THE HLCM PROCUREMENT NETWORK UN CITY – COPENHAGEN, 14-16 MARCH 2018 SUMMARY OF DECISIONS & OUTCOMES

The 23rd session of the HLCM Procurement Network (HLCM PN) was hosted by the Copenhagen-based agencies, UNDP, UNFPA, UNICEF and UNOPS at UN City on 14-16 March 2018, under the Chairmanship of Mr. Eric Dupont (Chief, Procurement Services Branch, UNFPA) and with the support of the Vice-Chairperson, Ms. Patricia Moser (Director, Procurement Group, UNOPS), the Advisory Chairperson, Ms. Neris Baez Garcia de Mazzora (Director, Procurement Services, IAEA) and the PN Secretariat, Ms. Kerry Kassow (UNDP). The meeting followed a three-day agenda centred around the Network's Working Groups, Special Projects and various other topics. The following is a summary of the key decisions and outcomes of the discussions.

THE WORKING GROUPS

1. HARMONISATION WORKING GROUP

INFORMATION SESSION – PRESENTED BY WG CHAIR, MR. ERIC DUPONT (UNFPA)

The PN was provided with an update on the following topics:

- (i) A funding proposal for a Phase 3 of the Harmonisation Project has been submitted to the Steering Committee of the HLCM Trust Fund for Harmonisation and Simplification of Business Practices. The primary focus of the project will be on harmonising procurement templates. As a next step, the Harmonisation WG will determine which templates are to be prioritised.
- (ii) Simplification of the structure of the [UNGM Knowledge Centre](#) in order to provide more intuitive access to collaborative procurement tools and resources. The instructional video on how to upload LTAs has been refined and also made available from the platform.
- (iii) A draft communication message on the above has been shared with Heads of Procurement (and with UNDG-DOCO) for sharing with staff in country offices. If not undertaken already, PN members were asked to ensure that the message is circulated as soon as possible.
- (iv) In accordance with the communications strategy which was endorsed at the last PN meeting, and in line with efforts to raise awareness among key stakeholders (Donors, Member State representatives, etc.) of the work that the PN is doing, the PN now has a profile on Twitter: [UN_Procurement](#). Twitter was considered the most appropriate media to start with as many key donors to the UN currently use it as a means of communication. PN members were urged to: follow the PN on Twitter; encourage others to do so; send any relevant stories and news items to the PN Secretariat; and to retweet PN posts.



2. SUSTAINABLE PROCUREMENT WORKING GROUP

INFORMATION SESSION – PRESENTED BY WG (CO)CHAIR¹, MR. NIELS RAMM (UNOPS) AND DESPOINA KOURIA (UNEP)

At the last PN meeting, the membership endorsed Phase 1 of a project to track the implementation of Sustainable Procurement (SP) within the UN system. As well as being given a general update on WG activities, the PN was provided with a progress report on the implementation status of project activities and plans for the coming period. In addition, the WG announced the following:

- All agencies are **invited to participate in the project Task Force**, and will be provided with an opportunity to review, provide input to and approve the long list and short list of SP indicators. Interested agencies are encouraged to contact the SP WG co-Chairs for more details.
- Agencies interested in **volunteering for the pilot-testing exercise of the SP indicators** are invited to contact the SP WG co-Chairs for more details. A formal invitation will be also shared among the SP WG members in due course.

An update was also provided on EMG/SUN waste management and e-waste initiatives.

3. STRATEGIC VENDOR MANAGEMENT WORKING GROUP

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

There was a report on progress and possible future opportunities concerning the below Vendor Management topics.

(i) Vendor Assessment and Appraisal

Opportunities are currently being explored for implementing a common vendor assessment tool whereby the UNGM would be connected with vendor information from an external source, such as, Bureau Van Dijk, Dun & Bradstreet, etc. The next step will be for an inter-agency task force to draft a proposal for the tool and discuss with potential providers.

(ii) Vendor Access and Business Seminars

The [Doing Business with the UN](#) area in UNGM Knowledge Centre has been updated to include information and guidelines on the new International Procurement Seminar (IPS) model. An update was provided on the current status of IPS implementation; planned and tentative events for 2018 as well as the challenges encountered so far. The WG is endeavouring to address the challenges that have been identified to date and will continue to do so.

(iii) Vendor Sanctions and Model Policy Framework (MPF)

At present, 20 agencies (collectively responsible for over 90% of the UN's procurement volume) have implemented or are implementing the MPF. The WG is working with the UNGM

¹ Working Group (co)Chair, Ms. Isabella Marras (UNEP), was unable to attend the meeting

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team and the agency Ineligibility List Administrators in resolving the issue of 'potential matches'² among new vendors registering on the UNGM.

(iv) The UNGM Knowledge Centre

An update was provided on the [UNGM Knowledge Centre](#), which has been re-organised to facilitate access to information. Moving forward, the Procurement Topics section and the new section on Procurement Categories will be expanded. The WG Chair called for agencies to take the lead on the various Procurement Categories and welcomed any suggestions for topics or the Knowledge Centre in general. It was agreed that a mechanism should be established to determine which information on the Knowledge Centre should be made public.

4. 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)

Following the presentation of the finalised PPH at the last PN meeting, launch communication was released and the handbook has been very well received to date.

The next steps will be to:

- Update the PPH as needed on a (bi)annual basis.
- Translate the PPH into French, Spanish and Arabic. Funds in the HLCM Trust Fund were not sufficient to cover this task. In lieu of this, UNICEF offered to cover the cost of having the handbook translated into French. The UNGM Steering Committee Chair will discuss with UNDP how resources can be (re)allocated³ to cover translation into Spanish and Arabic.
- Make the PPH available in eBook format from the UNGM – sufficient funds remain in the project budget for this task to be undertaken by the UNGM team.

(i) UN Procurement Awards

The UN Procurement Awards concept will be further developed and presented at the next PN meeting.

SPECIAL PROJECTS

1. COLLABORATIVE PROCUREMENT OF HIGH-VALUE COMMODITIES PROJECT⁴ – IT HARDWARE

INFORMATION SESSION – PRESENTED BY LEAD AGENCY REPRESENTATIVE, MS KATINKA ROSENBAUM (UNICEF)

² A potential match is a vendor that resembles in some aspect a suspended vendor.

³ Relates to freeing up resources currently being used for posting UNDP procurement notices on the UNGM and automating this task instead.

⁴ The Project Coordinator, Mr Stephen Ingles (UNHCR), was unfortunately unable to attend the meeting.

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(i) Status of the IT Hardware Project

Having volunteered at the last PN meeting to lead the project on collaborative procurement of IT Hardware, the lead agency representative provided an update on subsequent discussions UNICEF and UNCHR have had with the HLCM ICT Network. In brief, the initiative has been positively received and is seen as a pilot before embarking on more complex projects in the future. Furthermore, the ICTN acknowledged it would require commitment of resources as well as a willingness to work seriously on identifying good solutions for specifications, and harmonisation of other activities. UNICEF will also lead the technical side of the project within the ICTN.

In parallel with the above, a funding proposal was submitted by UNICEF to the HBP Steering Committee of the HLCM for support with undertaking the project.

The next steps will be to: re-engage with PN members and establish a project team; discuss the various options and scope requirements; plan and undertake any tendering exercise; establish agreements and share the outcome. The expected timeline is 12-18 months.

Given the high profile of this initiative, the PN agreed that achievement of results was of utmost importance. It is expected that there will be active participation from the larger agencies and that outcomes will be made available for the smaller agencies who often have limited resources to be an integral part of projects.

(ii) UNDPs LTA with IT Consolidators

In connection with the above, UNDP presented the details and benefits of the LTA it has already established with several IT Consolidators; to be considered by the PN under the IT project activities.

OTHER TOPICS

1. 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)

The Membership was provided with an update on key highlights from the UNGM Operational Report 2017. These included:

- An increase in vendor registrations, in particular from Developing Countries and Countries with Economies in Transition; figures have increased by 67% since the platform was reformed in 2013.
- 12 UN organisations now have an ERP and/or eProcurement application integrated with UNGM.
- Deployment of the new Trade Promotion Portal implemented to support the Trade Missions, Embassies, Chambers of Commerce, and similar, in managing their vendors/statistics, business events etc.
- Revenues generated by the Tender Alert Service have increased, in particular since enhancements were made mid-2017.

Member agencies were urged to publish their contract awards and LTAs on the UNGM as this is often lacking.

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2. UPDATE FROM THE CEB SECRETARIAT

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

The HLCM Secretary provided an informal briefing on the reform initiatives being undertaken in the UN system. Highlighted in particular were the key visions foreseen under the UN Secretary-General's management reform proposal, which, once the inter-governmental review process is completed and corresponding mandates formulated, may have an impact across the UN system.

The HLCM Secretary also informed the Network about some operational provisions included in the Secretary-General's December report, "Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet". Considerable efforts will be required to realise this transformational vision. A number of areas, such as mutual recognition and common services, will require active engagement and the expertise of the HLCM and its Networks. The PN has provided an excellent visual representation of mutual recognition through its [Traffic Lights](#) matrix showing the implementation status of PN decisions that enable UN cooperation. This matrix, as well as statistics from the UNGM demonstrating how the platform has increased access for vendors in Developing Countries to UN business, and how procurement volume in these countries has increased, has been highly appreciated by the Member States.

Across all of his reform proposals, the Secretary-General is also conveying the message that organisational culture must change from ex-post and risk-averse compliance to ex-ante risk management. The HLCM will have a half-day session dedicated to this topic alone at its upcoming meeting. In addition, there will be a strong focus on innovation moving forward. The CEB had a half-day dedicated to this at its last meeting and the HLCM will have a half-day on 'Innovation and data' at its next meeting.

Finally, the HLCM Secretary offered the following advice to the PN:

- (i) Build on the success of past activities and maintain relevance by having strategic discussions about value-adding, strategic areas of engagement for the coming period.
- (ii) Given that the HLCM Trust Fund for Harmonisation and Simplification of Business Practices is now depleted, ensure that outcomes from projects undertaken are mainstreamed within the organisations. For example, ensure the current collaborative contracts for vehicles are made as widely available as possible through all available platforms and mechanisms, and that there is a structured approach for putting new contracts in place once the current ones expire.

Finally, the HLCM Secretary informed that the following PN proposals submitted to the Steering Committee of the HLCM Trust Fund had been approved for funding:

- (i) Collaborative Procurement of IT Hardware
- (ii) Harmonisation Project, Phase 3
- (iii) Procurement Savings Methodology Exercise

The next step will be to draw up the MOUs with the lead agencies for each project.

The PN agreed to:



- Enhance communication (as part of its communication strategy) on the 'traffic lights' matrix and on the statistics from UNGM demonstrating how the platform has increased business from Developing Countries.

- Ensure future meetings are more focused on strategic activities (operational discussions could be undertaken separately).

3. PROCEDURE FOR ASSOCIATED MEMBERSHIP TO THE HLCM PN

DECISION SESSION – PRESENTED BY PN ADVISORY CHAIR, MS. NERIS BAEZ GARCIA DE MAZZORA (IAEA)

At previous PN meetings (Tokyo and Bonn) a draft procedure for Associated Membership to the HLCM PN has been discussed. It was agreed that the draft procedure should include additional specific guidance. As such, the draft was revised by the PN Management Board and presented to the PN for decision.

It was agreed that the procedure should be further revised to include the following:

(i) Reference to the UN Code of Conduct – organisations seeking membership will be asked to indicate their acceptance of it.

(ii) Clarification that Associated Membership does not mean that the organisation will automatically be granted UNGM Membership.

(iii) If the organisation does not have UNGM Membership, they can contact the PN Secretariat for contact details regarding LTAs, etc., on a case by case basis. The document will be revised accordingly and then shared electronically for PN endorsement and subsequent inclusion in the PN Statutes.

The PN 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. Ms. Neris Baez Garcia de Mazzora (IAEA) and Mr. Kiyohiro Mitsui (UNPD) volunteered to address this issue in the PN Statutes and suggested amendments will be presented for decision at the next PN meeting.

4. FUNDING OF THE ANNUAL STATISTICAL REPORT (ASR)

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

The ASR is compiled on an annual basis and is a key data resource for UN organisations, Member States, partners, suppliers, and other stakeholders. The ASR is currently funded and delivered by UNOPS & UNGM. Whilst it is acknowledged that UNOPS agreed to deliver the ASR during the IAPSO handover, the scope and costs associated are now significantly higher. Therefore, a new co-funding mechanism was presented to the PN for decision.

It emerged that PN members are not in a position to provide any further resources for ASR activities beyond what is already required from them to submit the necessary data in the requested format each year. Instead, it was agreed that UNOPS will submit a request for partial funding from the CEB.



5. SDGS AND ENGAGEMENT WITH THE CORPORATE SECTOR BEYOND PROCUREMENT

DISCUSSION SESSION – PRESENTED BY MS. REGINE WEBER (UNICEF)

The SDGs call for a shift in engagement with the corporate sector. However, as procurement agents, traditional engagement with the corporate sector is as suppliers. The shift in engagement poses the question, “how can engagement with the corporate sector complement existing procurement, supplier or industry engagement strategies to create healthy markets?” UNICEF highlighted some of the key operational challenges and risks it has encountered and presented the position it has taken on engaging with the business community. In turn, PN members mentioned some of the challenges and approaches being taken by their respective organisations.

It was agreed that a group would be formed to further address this topic. IOM offered to take the lead and ITU and UNDP offered to provide support. Many other agencies expressed interest in participating. At a later stage, content on the matter could be included in the Procurement Practitioners Handbook if deemed appropriate.

6. INCLUSION OF DDU INCOTERM IN ‘INCOTERMS 2020’

DISCUSSION SESSION – PRESENTED BY MR. GIORGIO FRATERNALE (ILO)

DDU has been replaced by DAP in the current Incoterms. In ILO's experience the latter does not fully meet its needs and, although according to a note on the International Chamber of Commerce (ICC) website that DDU can still be applied, there is a risk over time that it will become obsolete in vendors' ERP systems and thus no longer be an available option. ILO therefore proposed for the UN to collectively request the ICC to consider reinstating DDU (while maintaining DAP) in Incoterms 2020.

This challenge with DAP was not shared by all agencies and it was recommended for ILO to discuss and seek clarification from an ICC expert known to FAO. However, the PN agreed that a task force led by ILO and UNPD, who has a cooperation agreement with ICC, should approach the ICC to discuss the possibility of the task force being included to some extent in future discussions regarding the amendment of Incoterms.

AOB

(i) Definition of the term ‘Vendor’

When asked to formally endorse the definition of vendor proposed by the HLCM Task Force on Common Definitions related to Fraud and Implementing Partners, full agreement could not be reached by the PN. UNFPA reverted with a counter proposal which it felt more accurately reflected the term and how a vendor is perceived in an organisation that does not contract individual contractors and implementing partners through its procurement framework. The PN was then tasked to discuss and reach full agreement on the matter at its meeting.

The PN concluded that the most accurate and acceptable definition of vendor is the one provided in the Model Policy Framework for Vendor Sanctions (with footnote), which has already been endorsed by all the agencies. The MPF definition is as follows:

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Vendor: An offeror or a prospective, registered or actual supplier, contractor or provider of goods, services and/or works to the UN System. Vendors include [individuals^[3], private or public companies, whether parent, holding, subsidiary, affiliate, consortium members, or partnership, a government agency or a non-governmental organization. Employees, officers, advisers or representatives of the Vendor will be considered agents for which the Vendor is responsible under these procedures.

Footnote

[3] Agencies that hire individual consultants solely through HR procedures in lieu of procurement actions may wish to remove the bracketed text, depending on how they each deal with the issues of how to treat individuals engaged for non-staff related functions under project activities. This issue may be addressed through a separate policy and in accordance with the internal rules/regulations of the participating agency at issue.

This will be communicated to the HLCM Task Force. Note: for some organisations, any other definition would have to be cleared by their Legal Department and representatives who participated in the HLCM Task Force.

(ii) Election of new PN Vice Chair

Ms. Bérénice Bessière (WIPO) was nominated and welcomed by the PN as the new Vice Chair for the 2018-2019 period.

(iii) Venues for future meetings

As agreed at the last PN meeting, the 2018 Autumn session will take place in Washington DC, hosted by IMF, PAHO and the World Bank. The meeting will take place during the week commencing, 17 September 2018 (exact dates to be determined).

The 2019 Spring session will take place on 27-29 March in Vienna, hosted by IAEA and OSCE.

(iv) HLCM PN annual fee

The PN Chair reminded agencies to budget for the PN annual fee (USD 3500), and for those who have not yet paid their invoice for 2017 to promptly do so.

(v) Other suggestions

- UNICEF suggested that the Harmonisation WG launches a survey to determine how the PN envisages responding to the SG's proposed reform initiatives. The PN was in agreement with this initiative, and a survey will be drafted by the WG in due course.
- PN members suggested that the following be considered for future meetings: specific topics and themes, allowing time for necessary debates (meaning more time allocated, but fewer topics being included in the agenda), brainstorming on strategic direction, shortening the duration of meetings if there is limited content for the agenda (e.g. 2 days instead of 3), having fewer 'Show & Tell' sessions, limiting 'Show & Tell' sessions to the last day with optional attendance, having facilitated retreats, choosing locations which will allow for high attendance.
- There was significant interest from other PN members in the UNOPS eSourcing system (see Show & Tell sessions below) as a potential solution for their agencies. UNOPS will hold a subsequent demo of the system for all interested agencies and then further explore how the system can be offered to other UN entities.

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SHOW & TELL SESSIONS

The following 'Show & Tell' sessions were also a part of the PN meeting agenda:

- (i) [An introduction to the Danish State and Municipality Purchasing Agency – Staten og Kommunernes Indkøbsservice \(SKI\)](#) – Ms. Signe Lynggaard Madsen, CEO
- (ii) [Implementation of GS1 Standard to Improve Supply Chain Management and Data Visibility](#) – Mr. Thinlay (Nono) Wangchuk (UNFPA)
- (iii) [Public Procurement Procedures for Innovative Solutions](#) – Dr. Gian Luigi Albano, Head of Research at Consip
- (iv) [Financing and Domestic Resource Mobilization Strategy](#) – Mr. Jonathan Mitchell Weiss (UNICEF)
- (v) [Update on UNOPS eSourcing and other eProcurement initiatives](#) – Mr. Santiago Millan (UNOPS).
- (vi) [An Introduction to the World Maritime University](#) – Mr. Benjamin Zhu (WMU)
- (vii) [Opportunity Costs in Public Procurement](#) – Mr. Darko Stojmenovski (OSCE)

Supporting information can be found as indicated in the footer.