



HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM) PROCUREMENT NETWORK

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

(24 – 26 March 2010, Budapest, Hungary)

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I. INTRODUCTION AND BACKGROUND

1. The *High Level Committee on Management's Procurement Network* held its 6th session from 24-26 March 2010 at Helia Conference Centre, Budapest, Hungary under the Chairmanship of Mr. Michael

Cora (Director, UNESCO, Procurement Division). The Network *thanked* UNHCR for assisting with the logistical arrangements and providing excellent support to the HLCM PN Secretariat before and during the meeting.

2. The meeting in was *attended* by 48 colleagues representing 33 of the 35 agencies registered as members of the Procurement Network. UNAIDS and IMF were first time participants in the meeting. A list of participants is provided¹.
3. The meeting followed the *format of three working days* with closed meetings and discussion for Network members around an agreed agenda². Two working groups — the working groups on Vendor Management and the working group on Harmonization — availed themselves of the opportunity to meet the evening prior to the start of the Procurement Network meeting.
4. In continuation with its *green meeting initiative*, registration was done on-line using a cost-effective internet-based facility. Paper copies of documentation were limited to an absolute minimum and available documentation was shared electronically. For more information on ‘green’ meetings/ events, please contact HLCM Procurement Network Secretariat at marina.kramer@undp.org or find information on www.ungm.org or at this [link](#).
5. Mr Amin Awad from UNHCR *opened* the meeting reiterating the strategic importance of recognising procurement as a key function and commended the past accomplishments of the Network. The quality and quantity of the work done by the Network was recognized in the recent HLCM meeting in Turin. He specifically stressed the importance of professionalization of the procurement function in general. In addition, he reiterated the importance of communication and feedback to field operations of the work done by the Network as these operations should be the core focus and where the true impact of the work done would be experienced.
6. The Chairman *welcomed* participants to Budapest. In addition to celebrating the achievements of the past, time should be spent on further formalising work flows and setting strategic objectives for the respective areas of work. He recognised the efforts of members to contribute to the work of the Network which is in addition to their formal day-to-day duties and the impact this has on resources. He called for clear outputs, increased communication and resource mobilization to achieve the goals set which will benefit all involved in the procurement function. He expressed his hope and expectations to continue with fruitful and positive discussion around the agreed agenda in the spirit of collaboration which are one of the trademarks of the Network’s work.
7. *Participants* introduced themselves and provided short statements of their *expectations* of the meeting. From these statements, it was clear that there was a need to review the work plans of the HLCM PN and its respective Working Groups in order to align deliverables and deadlines with resources available and to focus efforts. Expectations around forwarding the work on a common framework to deal with unethical vendors, as well as those around sustainable procurement were high on the agenda of all agencies. The maintenance and development of UNGM functionalities continue to be central on the agenda of the Network. Members uniformly expressed their appreciation for and the importance and benefits of meetings in terms of networking and knowledge sharing.
8. *Appreciation* for the work done by the chairpersons of the respective working groups and the contribution of resources by individual agencies to advance the work plans of the respective working groups was expressed. The contribution of the HLCM Procurement Network Secretariat was also recognised and highly appreciated.

¹ List of Participants

² Summarized Agenda of the 7th Meeting of the HLCM PN, Budapest, Hungary, 2-4 September 2009

II. ADOPTION OF THE AGENDA

9. The *agenda* as adopted by the Procurement Network is listed below with the relevant annex numbers for supporting documents related to topics:
- i. *Introduction And Background*
Annex 1: List of Participants
 - ii. *Adoption Of The Agenda*
Annex 2: Summarized Agenda
 - iii. *From Paris To Budapest — Status Report And Consolidation Of Work Plans*
Annex 2: From Paris to Budapest presentation — Susan Struck, HLCM PN Secretariat
Annex 3: HLCM PN Statutes of Work
 - iv. *Feedback From The Working Group On Professionalization*
Annex 4: Professionalization Presentation — George Jadoun, ITC of ILO
 - v. *Progress Report From Working Group On Supplier Access*
Annex 5: Supplier Access Presentation — Joanna Porreca, UN/PD
 - vi. *Progress Report From Working Group On Harmonization*
Annex 6: Presentation on Harmonization Activities — Ann Hasselbalch, UNICEF
Annex 7: Presentation on One UN Common Procurement Team Activities — Elizabeth Spencer, UNDG/DOCO
Annex 8: Guidelines for Harmonized UN Procurement at the Country Level
 - vii. *Progress Report From The Working Group On Sustainable Procurement*
Annex 9: Presentation on Sustainable Procurement WG Status — Caroline Lepeu, UNOG
Annex 10: Sustainable Procurement On-line Training — George Jadoun, ITC of ILO
 - viii. *Progress Report On Vendor Management, Including UNGM*
Annex 11: Presentation by the UNGM Steering Committee — Sandro Luzziatti, IFAD
Annex 12: Presentation by UNGM Secretariat — Niels Ramm, UNGM/UNOPS
 - ix. *Progress Report From Working Group On Vendor Eligibility*
Annex 13: Presentation by UNDP as Project Implementation Agency — Dominic Grace, UNDP
Annex 14: Presentation by Consultants — Claro & Associates
 - x. *Progress Report From UN Secretariat On UNCCS Project*
Annex 15: Presentation by UN/PD and Consultants — Kiyohiro Mitsui, UN/PD and PWC
 - xi. *Show & Tell: Common Procurement Activities Group In Geneva*
Annex 16: Presentation on CPAG Activities — Dietmar Plesse, ITU
 - xii. *Show & Tell: Common Procurement Teams In Action – CPT FAO-IFAD-WFP In Rome*
Annex 17: Presentation on CPT for Rome-based Agencies — Andrew Lukach, IFAD
 - xiii. *Show & Tell: Social And Labour Standards In Procurement Practices*
Annex 18: Presentation — Steven Oates, ILO
 - xiv. *Show & Tell: FAO's Vendor Management -- Strategy & E-Tendering Facility Integration With UNGM*
Annex 19: Presentation — Hunt Lacasia, FAO
 - xv. *Show And Tell: UNHCR's New Core Non-Food Items Catalogue (CNFIC)*
Annex 20: Presentation — Alejandro Gaitan, UNHCR
 - xvi. *Aid Effectiveness/National Systems*
No documentation — Elizabeth Spencer, UNDG/DOCO
 - xvii. *Dual Use*
Annex 20: Presentation — Dominic Grace, UNDP
 - xviii. *UN Wide Standardization Of Field Motor Vehicles*
No documentation — Michael Cora, UNESCO

10. All *documents* concerning the session and related presentations can be obtained from the HLCM PN Secretariat at marina.kramer@undp.org and will be made available on the new HLCM PN site hosted on CEB/HLCM site.

III. FROM PARIS TO BUDAPEST - STATUS REPORT AND CONSOLIDATION OF WORK PLANS

11. The HLCM Procurement Network Secretariat provided a *status report and overview of activities* over the period since the Network's face-to-face meeting in Paris, France in September 2009.
12. An overview of the *funded and projects proposed for funding* by the HLCM was presented describing the main outputs of each of the projects/proposals, funding required and the resources available/potentially available.
13. The 'Vendor Eligibility Project dealing with the establishment a common framework for dealing with unethical vendors' was funded in 2009 and the *HLCM* committed to the funding of the 'Procurement Process And Practice Harmonization In Support Of Field Operations' proposal which would be executed in close cooperation with UNDG/DOCOC. The latter proposal also includes Sustainable Procurement initiatives.
14. *Four new proposals* have been submitted to the HLCM for consideration in collaboration with the chairpersons of the respective working groups. These are 1) The redevelopment of the Annual Statistical Report and General Business Guide, 2) Improved Supplier Access for Developing Countries' vendors through the development of information materials and training aimed at Chambers of Commerce, 3) the translation of UNGM into the remaining UN languages, and 4) a training initiative to ensure the implementation of the Common Guidelines on Procurement which was developed by the Working Group on Harmonization under the guidance of UNDG/DOCOC (this is a supplementary proposal to the approved proposal on 'Procurement Process And Practice Harmonization In Support Of Field Operations').
15. An overview on the *requirements for new project proposals* and the types of initiatives which could potentially be funded by the HLCM was provided. Focus was on increased coherence, ability to deliver better, substitution/reduction of costs. Initiatives ready for implementation, analysis and reviews leading to implementation and feasibility studies were considered for funding.
16. The *requirements for and responsibilities of lead agencies* which were to be adhered to for projects/proposals to be funded by HLCM were highlighted. In essence, the lead agency carries the ultimate responsibility for the delivery of results and retains financial authority over and accountability for the resources allocated to the project which it is responsible for. In addition, there is a regular reporting requirement, but the reporting requirement could also be addressed in the TOR for the project and thus the burden can be minimized.
17. It was stressed that *participation* in working groups should be supported by resources (time or funding) to advance the work plans of the respective working groups. Continued active participation is required to maintain the pace, expectations and results accomplished.
18. The *Mandate and Statutes of Procedure for the HLCM PN* was to be reviewed and updated. This was accomplished during the meeting with 14 agencies providing feedback on the following key aspects: i) tenure of the chair and vice-chair, ii) decision making mechanism, iii) and the tenure of Management

Board roles. The following points were raised with regard to the Statutes of Procedures and decisions were taken as follows:

- i. It was suggested to extend the tenure of Network chair and vice-chairs to ensure continuity. The decision was taken to maintain status quo, but to encourage changes in longstanding working group chairs.
- ii. Inconsistency in Statutes on majority vote vs consensus mechanism for decision making. It was agreed that consensus would be the decision-making mechanism applied.
- iii. It was suggested to change to tenure of the management board from 1 to 2 years, but after consideration and debate it was decided to retain status quo, but increasingly formalize and structure the board's involvement with the respective working groups and Secretariat. In addition, the Statutes should include reference to sustainable procurement and references to sub-working groups, clarifying status of International Financing Institutions (IFI), etc.

19. At the previous meeting, the increasing work load of the *HLCM PN Secretariat* as well as level/grade of the staff member was raised. After discussion membership agreed that the position should be recognized as at the Internal Professional level and suggested at the P3 level. The required Terms of Reference, as well as reclassification process would need to be addressed.
20. UNDP has *funded the Secretariat* as per agreement with the HLCM PN and as it has done since the inception of the IAPWG (now HLCM PN) approximately 34 years ago. The UNDP Director raised the issue of an alternative funding model for future, as funding of this position would only be secured by UNDP until end of 2010. The membership supported the suggestion that a proposal for the funding of the HLCM PN Secretariat be submitted to the HLCM in line with the positions to support related networks. This could only take effect from January 2012 in line with the budget revisions.
21. If funding through HLCM for the HLCM PN Secretariat could not be obtained, *other funding options* would have to be considered such as equal share amounts by member organizations or a proportionate funding model based on the criteria to be determined, but which reflect size and capacity of respective agencies/organizations and their procurement activities.

IV. PROGRESS REPORT FROM THE WORKING GROUP ON PROFESSIONALIZATION

22. The Working Group is *chaired* by Mr George Jadoun of ITC of ILO.
23. The work plan of the group is based on *three pillars* as agreed: 1) staff recruitment with appropriate qualifications; 2) continuous professional development especially in a decentralized context, and 3) enhanced opportunities for cross-fertilization through staff mobility and rotation.
24. The following tasks have been *accomplished* in the period since the last meeting: 1) job profiles for P and G staff completed and endorsed by the wider HLCM PN membership, 2) activities supporting continuous professional development, i - The UN Practitioners' Handbook, ii – competency baseline for UN procurement staff, and iii – dissemination of available training courses through the HLCM PN Secretariat; 3) survey on mobility was done, but the results were not conclusive enough to enable drafting of a strategy for submission to HR Network.
25. The updating of the *Procurement Practitioner's Handbook* had to await results of the Working Group on Harmonization with respect to One UN and the related harmonization of rules and procedures. Similarly the updating of the Annex on Sustainable Procurement had to await completion of work as per work plan of Working Group on Sustainable Procurement.
26. The Working Group Chair reiterated some of the *proposed earlier actions* included in the document prepared for the Amman meeting, *The UN Procurement Professionalism Strategy* and recommended that the following actions be reconsidered: 1) Additional procurement courses on the following topics:

Procurement Supervision and Audit, Sustainable Procurement, as well as Legal and Ethical Issues, 2) UN-harmonized set of bidding documents for goods, works and services which would greatly benefit country office operations, 3) UNGM website enriched as an experience exchange forum accessible to all UN procurement practitioners and requisitioners, 4) HLCM PN meetings to incorporate best practice exposure from think tanks and private/public sector.

27. The Working Group Chair asked membership to also review some *practicalities* with regard to Working Group and its work plan: i) the need for two(2) Working Groups, i.e Harmonisation and Professionalism or whether it would be better to merge the two Working Groups, ii) if the two working groups are to remain then to redefine their scope of work and eliminate overlaps, iii) overlapping activities done outside the working groups such as work around Sustainable or Green Procurement not included in work plans of working groups. The membership considered the issues raised and it was decided to maintain the status of two Working Groups and that work plans will be reviewed in consultation with the respective chairs in order to ensure clear objectives and areas of responsibilities. The continuance of this Working Group in its present form was stressed in view of the fact that this is the only forum which focus on the human resource issues in the procurement arena.
28. It was reported that the survey on *staff rotation and mobility* indicated that there was no room for staff mobility, as there was simply no human resources for floating when required. Several agencies/organisations reported that they were having difficulties in finding qualified and experienced procurement officers. An informal approach to the need or opportunity to rotate staff through making needs and requirements known through the HLCM PN Secretariat would be taken for the time being. Eventually this type of information would be made available on the website.
29. It was suggested that a *quick survey* could be done to determine how many of the current procurement staff employed by agencies/organisations have been employed by other UN entities in a procurement role before.
30. Discussion with regard to *e-learning facilities* concluded that most organisations have some sort of basic training available on-line which is specifically focussed on that particular organisation/ agency's needs. It was agreed that although a common e-learning tool would be helpful, that e-learning is not the optimal training tool and should only be considered if completion of such training was considered mandatory for procurement staff. Such a tool should be flexible and adaptable to the specific requirements of agencies and organisations. ITC of ILO would be willing to develop such a facility if funding can be secured. IFAD would be willing to partially finance the development of such a tool.
31. An *inventory of existing procurement-related training courses and materials* should be compiled in order to have an overview of what is available, where gaps are, and if materials could be adapted instead of newly developed. The HLCM PN Secretariat was tasked.
32. The issue of *certification* was briefly discussed and ITC of ILO reminded of its Masters Programme which could potentially address this. In addition, UNDP has developed a four level certification programme recognized by CIPS which is also open to other UN entities and their procurement staff. For more information, please contact the HLCM PN Secretariat.
33. An overview of the *on-line Sustainable Procurement training course* developed through the cooperation of the workings groups on Sustainable Procurement and Professionalization was also given. For more information refer to the Progress Report from the Working Group on Sustainable Procurement under Point VII of this report.
34. The HLCM PN Vice-chair concluded this session with *appreciation* for the work of the group and specifically the efforts of its chair through many years
35. The *priorities and timelines* should be reviewed and reflected in the Working Group's work plan

V. PROGRESS REPORT FROM WORKING GROUP ON SUPPLIER ACCESS

36. The discussion was *led* by Ms Joanna Porreca from UN/PD as the Chairperson for the Working Group.
37. A summarized *overview of the 2009 business seminars* conducted and supported by the Working Group was provided:
- Developing/Transition countries: 24 events of which 10 events were joint events with 2 or more agencies/organizations participated. Total number of vendors trained – 1639
 - Developed/Industrialized countries: 22 events of which 10 events were joint events with 6 or more agencies/organizations participated. Total number of vendors trained – 2280
38. *Upcoming business seminars for 2010* were listed and included 16 events in developing/transition countries and 7 in developed/industrialized countries.
39. The *challenges* facing the working group were 1) to increase the joint events for Developing and Countries with Economies in Transition, 2) to increase the participation of UN agencies, and 3) to address the primary limitation of funding.
40. A project proposal for funding was submitted to the HLCM. The *Increasing Access of Suppliers from Developing Countries and Countries with Economies in Transition* proposal was aimed at providing a market outreach and training programme based on the 2009 MOU between ICC-WCC and the UN Secretariat.
41. The *proposal* promotes procurement opportunities in developing countries and countries with economies in transition through the capacity development of ‘in country’ ICC-WCC points of contacts for local business communities. These focal points will receive training in UN procurement process and procedures as it applies to vendors, supplier registration process and UNGM. For more details on the proposal, please contact the HLCM PN Secretariat.
42. A ‘*One UN*’ presentation on How to Do Business with the UN was under review and being developed by the HLCM PN Secretariat. Once ready it would be posted and circulated to agencies/organization for comments and feedback.
43. UN/PD has also hosted a *Business Seminar Website* since December 2009 with the objective of sharing real-time information between the HLCM PN Secretariat and UN/PD for collaboration purposes. The second phase of the initiative would be to open the facility to all HLCM PN users. This will also in future have a link from the CEB/HLCM PN website.
44. In addition to demonstrating the website, an overview of the *UN/PD’s new procurement manual* was also given illustrating the use of Wikipedia for review and feedback and real-time, easy updating. For more information, please contact Ms Joanna Porreca, UN/PD.

VI. PROGRESS REPORT FROM WORKING GROUP ON HARMONIZATION

45. The Working Group *is chaired* by Ms Ann Hasselbalch from UNICEF.
46. The *Terms of Reference* of the Working Group is to 1) create a common framework for harmonization of procurement-related regulations, rules and policies, procedures and business practices, 2) coordinate the development/update of uniform tools for UN procurement practitioners, and 3) collaborate with UNDG Task Team on Common Services and Procurement.
47. In February 2010, the working group’s *proposal for funding was approved by the HLCM* and the working group is currently in the process of developing a detailed project proposal to enable the release

of the funds. The project will be executed in close cooperation with UNDG/ DOCO's Task Team on Common Services.

48. An *overview* of activities and status of these activities was provided in the presentation.

One UN Pilot Country Offices Support:

49. *DOCO* was represented at the HLCM PN meeting by the Common Services Advisor, Ms Elizabeth Spencer. Several members of the HLCM PN are also represented on DOCO's Task Team on Common Services.
50. Great *appreciation* was again expressed to HLCM PN members and their organizations for contributing to the objectives of the work done by UNDOCO by making staff available for missions, teleconference etc. and providing the funding for the work done over the past months.
51. DOCO outlined its structure and its *relationship to HLCM PN*, as well as joint work in its presentation.
52. In DOCO's interaction with pilot countries such as Tanzania, Zambia, Rwanda, Albania and others, some *primary issues* were outlined. These issues (in no particular order) are i) formulation, roles and responsibilities for the model of a common procurement team; ii) formulation of roles and responsibilities for the model of a common Contract Committee; iii) the use of existing agency LTAs and common LTAs including harmonization of different levels of delegation of authority and thresholds for procurement at country level and tender procedures; and iv) coordination with UNGM for local vendors and LTAs.
53. A process guide, *Guidelines for Harmonized UN Procurement at the Country Level* was finalized and includes an outline for project planning for the development of the team(s) and its (their) activities; a common analysis framework for transactions and workload, and templates for procurement planning across agencies; guidance for common Contracts Committee at country level and the sharing of LTAs. The document is attached as an annex.
54. One issue that remains *outstanding* was that of thresholds and delegation of authority
55. A workshop in March 2010 was aimed at developing *an implementation plan* establishing a mechanism on how to deploy the work in practice and setting up One UN procurement teams in the respective countries. The review and information sharing of the outcome of this workshop were planned for April 2010.
56. The UNDG roll-out was planned for EFW countries first after a *readiness survey* of countries is done and through providing remote support of the roll-out efforts. UNDAF countries would be targeted afterwards.
57. *Status reports* on Tanzania and Mozambique were provided.
58. A *proposal for funding* for the roll-out and implementation of the guidelines was submitted to HLCM and would be complimentary and supplementary to the funded proposal on Harmonization.

VII PROGRESS REPORT FROM THE WORKING GROUP ON SUSTAINABLE PROCUREMENT

59. Work related to sustainable procurement policies and practices *previously* formed part of the work plan of the Working Group on Harmonization and was reported on in this context. However, it was decided that a separate Working Group would be formed for this topic.

60. Caroline Lepeu from UNOG as *Chairperson* of the Working Group reported on the status of the work done.
61. The *proposal approved for funding* by the HLCM on Harmonization of Procurement Policies also contained activities related to Sustainable Procurement. However the delayed discussion/decision by the GA on Sustainable Procurement may impact on the releasing of these funds.
62. The *2008 Annual Statistical Report* had a thematic section focusing on sustainability with a supplement on Sustainable Procurement. An introduction of indicators on Sustainable Procurement, as well as social and environmental sustainability was provided. The main objective of the report was to signal new a course and communicate centrality of sustainability. During the process of finalizing the report, issues such as the use of ILO core conventions in UN General Conditions of Contract came to light, as well as the fact that work around sustainability is in its infancy in the majority of agencies/organizations. The report and other information related to can be found on www.ungm.org.
63. The Sustainable Procurement *knowledge centre* on UNGM has been updated with new graphics and contents. Since the changes, 50% more page views compared to the previous semester have been registered with a total of 8516 unique pages views in the first quarter of 2010. The page also links to the Environmental Management Group and Sustainable UN websites.
64. The “Comprehensive Report on Sustainable Procurement” was submitted to the *5th Committee for adoption by the General Assembly* at its 64th session in October 2009. However, no conclusion was derived and the report will be resubmitted for the 65th session in September 2010.
65. Despite the fact that Sustainable Procurement within UN agencies are implemented on an ad hoc basis by individuals motivated and inspired by the subject, there are *examples of good practices* that have been shared with the working groups, such as the ECLAC cleaning services contract, IFAD/FAO/WFP purchase of 100% renewable energy, UNEP/DTIE purchase of socially and environmentally sustainable furniture, and the Geneva-based agencies purchase of 100% renewable energy and use of water from Lake Lemman.
66. The Working Group reported as follows on the *product guidelines*: The guidelines for IT, paper and stationery, cleaning services, furniture and voting equipment were completed, and guidelines for catering (cantines), vehicles and freight forwarding are in progress, whilst guidelines for generators, heating cooling systems, energy sourcing (RECs), GHG Emissions, Leasing/ rental of buildings (SUN guide on Buildings’ procurement) are scheduled for 2011.
67. An *on-line training course on Sustainable Procurement* was developed in cooperation between UNEP and ITC of ILO. George Jadoun from ITC of ILO provided information. The course is based on the Sustainable Procurement Guide which underlies the training developed on Sustainable Procurement. It is PC-based with the possibility for individuals to verify learning achievement. The course targets policy/strategy makers, requisitioners and procurers. The course which consists of three modules requires 3 study hours for each of the 9 chapters. More information can be obtained from the HLCM PN Secretariat.
68. An overview of the activities of the *Issue Management Group (IMG)* on Sustainability Management was also provided. Their key objectives were to prepare annual greenhouse gas inventories, an emission reduction plan by the end of 2010, a recommendation on how to approach emission offsetting in the UN, and a proposal for how sustainability management systems can be introduced in the UN family.
69. The Working Group highlighted the following *challenges*: 1) GA Support to Sustainable Procurement, 2) Better tracking of sustainability data for ASR, 3) scaling up of training opportunities, 4) ensuring that ad hoc sustainable projects become part of action plans of respective UN agencies/organizations, 4) to

move from administrative procurement to field procurement, and 5) integration of Sustainable Procurement into climate CO2 emission reduction policy.

70. It was suggested that the *World Bank* gives a presentation of its procurement of paper and the tools it uses for measuring impact of sustainable procurement.
71. The Chairperson *thanked* all members of the working group for the progress made and acknowledged the individual organizations' commitment in supporting these activities despite a lack of funding.

VIII PROGRESS REPORT ON VENDOR MANAGEMENT, INCLUDING UNGM

72. Mr Giorgio Fraternali (WIPO) is the *Chairperson* of the Vendor Management Working Group and UNGM Steering Committee was unable to attend the meeting and was represented by Mr Sandro Luzziatti (IFAD) as agreed by UNGM Steering Committee.
73. Issues raised by the UNGM Steering Committee are captured in the separate subject headings under this section. Issues surrounding the financial stability and viability of UNGM are captured under Budget 2010/2011.
74. In conclusion of its report, the UNGM Steering Committee representative highlighted the following areas for action by 1) UNGM SC and Secretariat: i) propose a strategy for increased flexibility in financing mechanism and finalizing Marketing Strategy, ii) establish LTAs for external technical IT support to increase flexibility and responsiveness in IT development, iii) endorse the interim recommendations with regard to UNCCS, iv) assess the potential UNCCS-to-UNSPSC migration. 2) Each agency/organization should i) increase the quality and quantity of tenders and contract awards published on UNGM, ii) train staff in using UNGM and UNCCS, iii) promote UNGM among vendors and Chambers of Commerce, iv) assess impact of the potential UNCCS-to-UNSPSC migration.
75. Mr Niels Ramm, UNGM Procurement Advisor, reported on the *UNGM activities* during the second half of 2009. In essence his presentation dealt with statistics, the role and function of the UNGM Secretariat, the results of the survey on the Tender Alert Service and IT development executed or planned as per business plan of the Steering Committee.

UNGM Statistics:

76. *Statistics* from February 2009 (figures in brackets) were compared with statistics compiled for the purpose of this meeting:

General Information

- Number of vendors accepted at least by one agency : 14236 (12 740)
- Number of "active" vendors (*logged in at least once since 1 March 2009*): 24131 (9 555)
- Number of suspended vendors: 65 (48)
- Average number of new monthly vendors registrations 2009: 1393 (1010)
- Rate of vendor registration percentage change over previous year: 38% (+27%)
- Number of vendor countries with accepted vendors: 163 (161)
- Top 5 countries (*# accepted vendors*): China, USA, UK, India, Germany
- Number of developing countries represented: 135 (133)
- Number of industrialized countries represented: 28
- Number of registered UN users: 3262
- Average number of new monthly UN users registrations 2009: 50

Procurement Notices

- Average Number of active notices at any one time: 216 (225)

- Number of uploading agencies: 39 (36)
- (6 agencies account for 90% of notices: UNDP, UNOPS, UN/PD, UNIDO, UNESCO, UNFPA)
- Number of TAS subscribers: 1303 (715)
- Average number of monthly new TAS subscribers: 83

LTAs

- Number of online LTAs: 344 (27% valid)
- Number of LTAs posted in 2009: 28
- Number of uploading agencies: 6
- (UN/PD, UNFPA, UNOPS, UNRWA, UNDP, UNICEF)

Contract Awards

- Total number of posted Contract Awards: 316
- Number of posted contract awards in 2009 : 94 (144)
- Number of uploading agencies: 5 (UNDP, UNOPS, UNFPA, ILO and ITU)

Website Traffic Data

- Number of visits in 2009: 353 579 (+87%/2008)
- Number of unique visitors in 2009: 118150 (+76%/2008)
- Number of page views in 2009: 2 759 217 (+98% /2008)
- Average number of page views per visit in 2009: 7.08 (+6%/2008)
- Average time spent on www.ungm.org: 9:34 (8:38)
- New visits: 32:01% (35.38%)

77. From the statistics, it is clear that *increased activity and use* of the United Nations Global Marketplace have an impact in terms of time and costs involved.

UNGM Secretariat

78. The *UNGM Secretariat* continues to provide a helpdesk service to approximately 50 vendors and UN users alike every day. It also maintains the user guides and updates stakeholders through quarterly newsletters and communication focused on specific issues. In addition to its day-to-day activities, it has run a targeted Tender Alert Service promotion campaign in the hope to increase the number of new subscriptions, as well as reminders for subscribers who are nearing the end of their annual subscriptions.

79. The UNGM Secretariat has also developed *user training modules* dealing with registration procedures for vendors and UN users, the selection of UNCCS codes, posting of procurement notices, contract awards and LTAs. In addition, training materials also include the optimal use of the search function in UNGM and Kompas.

80. *Tailor-made UNGM training* can be provided through workshops, video conference, as well as through on-line or downloadable WebEx facilitation. Unless travel is required, there are no costs involved for interested UNGM member organizations in participating in UNGM training. Ad hoc training has been provided on request to UNDP, IAEA and UNHCR, as well as a 2-week UNGM workshop which was held in NY on the request of UN/PD.

81. The Helpdesk has also been instrumental in the testing, training and implementation of the *local vendor roster facility* in field offices.

Tender Alert Services (TAS)

82. A *survey* was conducted in May 2009 targeting subscribers of 6 months or more. A 40% response rate was achieved.
83. The overall *results* were good with 10% rating the service as excellent, 43% as good, 34% as fair and 13% as poor. 73% indicated that they would recommend the TAS to others and 69% declared that they intended to renew their subscriptions. 90% have learned of the TAS through the website or email campaigns.
84. Some *issues with regard to procurement notices* were identified such as misleading titles, vague information or incomplete submissions, difficulty in identifying the type of commodity or service required. The UNGM Secretariat spent approximately 6 hours per week on *improving* the quality of the UNCCS coding on procurement notices in order to rectify this issue through checking and recoding. It is strongly recommended that agencies *make use of the UNGM training courses*, in particular the module on 'Posting Procurement Notices and UNCCS Coding'. For more information, please contact the UNGM Secretariat at registry@ungm.org.
85. Despite the relative positive response to the survey and 69% of vendors' intention to renew their subscriptions, the current *re-subscription rate* is just above 30%. The reason for the discrepancy between intention and action is being investigated by the UNGM Secretariat.
86. Currently *TAS subscriptions* are meeting the targets set for 2009 in accordance with the Business Plan with on average 83 new subscriptions per month.
87. The *promotion of the TAS* enjoys high priority in the UNGM Secretariat. An automatic promotional e-mail was sent to all new subscribers. A brochure and information on TAS for inclusion in Business Seminars were prepared and business seminar organizers are encouraged to include UNGM staff in their invitation to business seminars. An advertising insert which UN agencies/organizations can include on their respective websites are to be released soon.
88. In order to maintain and reach future targets agencies/organizations using UNGM are requested to *promote the use of TAS* as far as possible or at least make information about the service available to their vendors.
89. The following *actions are required* to further promote the TAS:
- Improve the *coding* of the posted procurement notices. Poor coding results in notices being sent to the wrong vendors.
 - Improve the *number of notices* posted on UNGM to avoid the need for potential suppliers to also visit organizations respective websites.
 - Improve the type of notices to include all categories of goods and services, such as food.
 - Agencies are encouraged to arrange UNGM trainings for their staff
 - Development of a Chamber of Commerce TAS subscription based on the recent MoU signed by UN/PD and the ICC
 - Improve the vendor evaluation process to reduce the large backlogs of vendors to be evaluated which restrains vendors from initiating a TAS subscription.

UNGM IT Development

90. To date the following *functionalities* have been developed in accordance to the UNGM business plan 2009-2010: UNGM security enhancements, local vendor roster phase II, design and development of the UNGM statistical dashboard; implementation of the FAO vendor roster and update of agency specific questions; improvements of UNGM key features, knowledge resource centre update and the UNGM back-end development.

91. During the 3rd and 4th quarter the development of a UNGM dashboard is planned, as well as work in line with the outcome of the Vendor Eligibility project.
92. *UNGM security* was enhanced by adding an easy and quick expiration and re-activation mechanism, which will automatically be triggered every second month.
93. Additional information has been uploaded under the Sustainable Procurement section of the Knowledge Centre at <http://www.ungm.org/SustainableProcurement/Default.aspx>. This includes product guidelines, environmental labels guide and green meeting guide.
94. Resources are required for *translation* of sections of the UNGM website into French and Spanish. Organizations that can provide resources are requested to contact registry@ungm.org.

Local Vendor Roster Functionality

95. The *local vendor roster functionality* enables suppliers with less than three (3) years of export experience to register with local UN offices which enable country offices to maintain their own vendor rosters and have access to the vendors of other UN offices in the same country. A number of country offices are acting as pilot offices for the implementation prior to full roll-out. Training is available for interested UN staff at no cost unless travel is required. For more information, please contact registry@ungm.org.
96. DOCO confirmed the need for the local vendor roster functionality and clear guidelines with regard to use and criteria from a *country office perspective*, as this is on the agenda of the One UN offices. It was suggested to use some of the One UN offices as pilots for clarification and testing the application.
97. The *second phase* of the process which enables suppliers to complete their registration online has now been completed and allows for online registration of local suppliers which mirrors the current UNGM registration process, as well as a local LTA repository.
98. UNDP cautioned against service providers (not exporting as such) automatically being classified as 'local', which could be seen as discriminatory and incorrect.
99. UNICEF expressed their need for potentially a *regional supplier roster*. This would be explored further with the UNGM Steering Committee.

Uploading of Procurement Notices, Contract Awards and LTAs

100. The issue of *uploading* of procurement notices on UNGM was again raised. On average 225 active notices can be found on UNGM at any one time. Thirty-three agencies upload procurement notices from time to time. However, 90% of the procurement notices are currently contributed by just six agencies, i.e. UNDP, UNOPS, UN/PD, UNIDO, UNESCO, and UNFPA.
101. Agencies are again urged to address the *issues* regarding the uploading of their procurement notices consistently. In some agencies, the uploading of procurement notices on UNGM is a requirement stipulated in procurement manuals and for some agencies, such as UNFPA and UNESCO, UNGM is the only site for uploading of its procurement notices, thus preventing duplication and misunderstanding.
102. The erratic uploading of *contract awards* is also problematic. The majority of agencies have an obligation to publish contract awards and agreement was reached years ago that contract awards would be displayed in a central place (UNGM) to enhance the transparency of the UN procurement system, as well as providing as much information as possible to potential suppliers.

103. A *further functionality* of UNGM has been proposed to facilitate the automated data retrieval of procurement notices and contract awards of UN agencies that are not using UNGM to advertise tenders, as well to capture any notices that may not have been uploaded to UNGM by member organizations. This functionality will serve to further increase usage and value of the tender alert system, as well as address the perception that UNGM hosts all UN tender notices. This functionality was highlighted as one of the priorities to be considered for inclusion in the 2009/2010 UNGM work plan.
104. Members were again reminded to update and maintain the database of *LTAs*. The service provider will not delete outdated *LTAs* for the time being as the old *LTAs* could serve as an indication of the existence of newer *LTAs* and serve as good reference materials.
105. Access to *LTAs* and information around *LTAs* remain high on the list of issues and priorities in the *One UN pilot countries* as stressed by the DOCO representative, thus a sustainable solution needs to be found and implemented.

Budget 2010/2011

106. In its overview, the *UNGM Steering Committee* representative highlighted the issue of funding and finding additional funding resources repeatedly.
107. UNGM as a strategic and central component of many organizations/agencies' vendor management systems depends on the actual use by its members and its technical evolution. *Funds* accumulated are only sufficient to cover maintenance, but insufficient for further technical development to keep abreast with changes and requirements of its members. Likewise alarming signals are received from TAS which was considered an additional funding resource. The rigidity and uncertainty of the funding mechanism needs to be addressed to ensure sustainability and development of the portal and its tools.
108. A *Finance and Marketing Strategy* has been discussed in the UNGM Steering Committee and has been circulated for comments to member organizations. It is aimed at deriving diversified opportunities for additional funding for UNGM over and above the operational budget.
109. *Sponsorships* by individual UNGM members for specific projects or initiatives, as well as by potentially Chambers of Commerces and other external entities have been considered too, but due to conflicting views in the Steering Committee no progress has been made.
110. The *budget for the 2010/2011* period was presented and discussed. The total budget was estimated at USD\$495,683 for 2010 and USD 530,402 up from USD429,262 in 2009.
111. *2009 actual budget* was slightly under the estimated USD429,262 at USD425,634 due to the number of TAS subscriptions which were slightly higher than anticipated.
112. Outstanding funds from 2009 were reported with USD46,000 which agencies owed to UNGM. Agencies have been reminded. This is also a recurring issue which needs to be dealt with.
113. The proposed 2010/2011 budget includes *additional staffing resources* such as part-time finance assistant to support the financial component of UNGM which consists of processing financing of TAS, invoicing of agencies, and payments and an additional IT developer. Additional IT development resources were anticipated to meet the need of continued development of functionalities such as the e-tendering feature, as well as meeting the requirements for specific projects such as Vendor Eligibility.

114. It was reported that *staff costs* have increased due to a reclassification exercise and the project assistant position was reclassified to G6, which is reflected in the 50,9% increase of costs and the project coordinator's position as a P3 with a 16,2% increase.
115. The Chairperson raised the issue of the *7% management overhead costs* charged by UNOPS, whilst other agencies do not reflect costs of hosting inter-agency activities as overhead.

116.

Functional Title	No of Staff	2009		2010		2009-2010 Increase, %	2011		2010-2011 Increase, %	Increase since 2009
		Unit Cost per year	Total Cost	Unit Cost per year	Total Cost		Unit Cost per year	Total Cost		
Project Coordinator	1	\$155,059	\$155,059	\$180,183.00	\$180,183.00	16.2%	\$192,795.81	\$192,795.81	7.0%	24.3%
ICT Developer	1	\$100,538	\$100,538	\$100,687.00	\$100,687.00	0.1%	\$107,735.09	\$107,735.09	7.0%	7.2%
Project Assistant/Helpdesk	1	\$60,655	\$60,655	\$91,536.00	\$91,536.00	50.9%	\$97,943.52	\$97,943.52	7.0%	61.5%
Additional Resources										
IT Coordinator (3months)	1	\$155,059	\$38,765	\$165,913	\$41,478.28	7.0%	\$177,527.05	\$44,381.76	7.0%	14.5%
ICT Developer (3 months)	1	\$100,538	\$25,135	\$107,576	\$26,893.92	7.0%	\$115,105.96	\$28,776.49	7.0%	14.5%
				\$91,536	\$45,768.00		\$97,943.52	\$48,971.76	7.0%	
Total Staff Cost			\$380,152		\$440,778	15.9%		\$471,633	7.0%	24.1%
Travel (Project Coordinator)			\$7,000		\$7,000	0.0%		\$7,000	0.0%	0.0%
Kompass Subscription			\$5,500		\$6,050	10.0%		\$6,655	10.0%	21.0%
Site Hosting			\$6,500		\$7,150	10.0%		\$7,865	10.0%	21.0%
Bulk Email system subscription			\$3,500		\$3,850	10.0%		\$4,235	10.0%	21.0%
Management Overhead cost (7% of total staff cost)			\$26,611		\$30,854	15.9%		\$33,014	7.0%	24.1%
Total UNGM Operational Cost			\$429,262		\$495,683	15.5%		\$530,402	7.0%	23.6%

117. ITU again raised its concern about the way in which costs are distributed to the respective agencies and organizations. Although the method was agreed by the majority of UNGM members, smaller agencies and organizations (in terms of their procurement volume and size) were paying more substantial amounts in terms of what they used UNGM for. For ITU the 23% increase in UNGM budget costs, meant a significant increase percentage-wise. In addition, ITU is operating under a non-growth budget due to financial constraints, thus having to justify a significant increase becomes very difficult.

Review of UNGM

118. The Chairperson *thanked* the UNGM Steering Committee and UNGM staff for their commitment. He described UNGM as the “octopus in the procurement aquarium”. He also underlined that the significant increase in the use and functionality of the UNGM also had implications for the level of service and costs involved with the platform.
119. The relative high number of queries each day could also be a reflection of *language barrier* as a high number of users of the systems are not native English speakers and the need for the translation of the information available on UNGM in other UN languages were again stressed.
120. The Chairperson raised the issue of agencies which are *not members of UNGM* as such. A number of agencies stated that the reason for not joining UNGM was purely financial. Agencies/organizations were reminded that a commitment was made to support UNGM as the global UN procurement portal and to use it as the database for registering potential suppliers, posting of contract awards, procurement network yet several agencies/organization continue to maintain databases outside of UNGM. The question was raised whether these agreements were reflected in manuals and policies to support the use of UNGM.

121. Warren Sach, UN Secretariat, expressed his *strong concern* that UNGM was underperforming to its commitment, which should not be seen as a criticism of UNOPS, UNGM Steering Committee or the UNGM staff, but to the owners of the UNGM, i.e. Procurement Network and UNGM members. He believes that his concern would be shared by member states.
122. UN Secretariat called for *management review* of UNGM to ensure UNGM fulfills its potential of being the UN's global market place and not the add-on facility which it appears to be considered as for many organizations and agencies. A management review should ensure that policies are in place to support the use of the UNGM for vendor registration, sourcing, financing, and distribution of information which supports the principles of fairness and transparency, effective competition and best value for money. It was agreed that the review should be carried out by an external party.
123. The World Bank suggested that *alternative options* for handling of vendor registrations be investigated and that a small working group could be set-up to work with future consultants.
124. The UN Secretariat committed to *pay 50%* of such a management review with a ceiling of USD100,000. The rest needs to be covered by UNGM membership through a mechanism to be agreed.
125. The *Steering Committee was requested to develop a TOR, circulate for comments and approval to membership and find a mechanism for hiring a service provider.*
126. The 23,000 *backlogged* submitted potential vendors which have not been dealt with by agencies and organizations are a serious concern, not only in terms of their non-inclusion in the database, but also with regard to their potential contribution and subscription to TAS.
127. ITU raised the issue of *unsuitable vendors*, i.e. not providing goods and services which ITU procure submitting registrations to ITU. These registrations are either ignored or rejected. However with the costing model for UNGM the agency are charged by the number of potential suppliers submitting registrations irrespective of acceptance or relevance. UNGM representative, as well as UNFPA offered their assistance again to share how other agencies have dealt with this issue, by limiting the categories of suppliers in terms of goods and service in the very early stages of the registration process.
128. UNDP requested that a better model for *determining vendor eligibility* be considered and that statistics on vendor registration be collected in order to develop key indicators and better understand the issues. This could form part of the Management Review. WFP and UNICEF supported the proposal. UN/PD's system for prequalification of potential suppliers could be a starting point.
129. The different types of registration *processes and procedures* could be discussed with Niels Ramm at UNGM.

IX PROGRESS REPORT FROM WORKING GROUP ON VENDOR ELIGIBILITY

130. UNDP as the implementing agency presented the *background and status* of this HLCM funded project to develop a common policy framework for dealing with vendors suspect for unethical business practices in providing mechanism for 1) information sharing (results of investigations and conclusions), 2) individual organization decision-making based on received information, and 3) decision recording based on agreed common criteria to be shared by HLCM PN members through UNGM (not for public disclosure).
131. A short *overview* of times and progress to date were provided and the project was within time and budget.
132. The *acceptance methodology* was discussed as this is the first project of its kind and HLCM PN members were requested to provide feedback to 'compelling show stoppers' or elements of the project

outcome, which would prevent them for using the model or participating in the process. The Legal Network as part of the Working Group has been a critical element of the work done to ensure no unexpected objections from legal counterparts. The importance of acceptance and participation were stressed by UNDP to avoid risk and embarrassment to the UN in general for dealing with suspect vendors.

133. The *consultants* joined the meeting via teleconference and provided a summary of the basic definitions, overview of the project in terms of characteristics, guiding principles, and the benefits of the common policy framework.
134. A *detailed description* of the due process and what each of the action levels would entail was prepared.
135. The *critical steps* for the completion of the project was i) the endorsement of the Common Policy Framework; ii) ensuring information flow to stakeholders such as staff, vendors, host governments and member states; iii) dedicate resources to its implementation and pooling resource if and when necessary.
136. Several agencies/organization expressed their need to ensure that all *information* regarding suspect vendors were maintained centrally through UNGM and that all such list were consolidated by the information provided on UNGM. If this information could be extracted from or exported to individual ERP systems, it would be the ideal solution.
137. UNICEF stressed the importance of using correct *terminology* and suggested the term ‘unethical’ was too wide and should be narrowed to corrupt/fraudulent. Focus for this purpose would be directly related to procurement and not include issues such as child labour for example.
138. Whether the list of vendors should be made *public* — or not — was discussed in detail with strong opinions for both arguments. On the one hand, it was felt that there were more advantages if list was public in terms of mobilization of change and transparency. Disadvantages were in essence due to the risk of mistakes made which could expose the UN to legal actions. The consultants were of the opinion that the list should be made public from the start as leaking is a real possibility. Lists (such as Money Laundering list, 1276, and Volker lists) consolidated in UNGM are owned by other entities and are also public. UNICEF felt strongly that the list should be public as are contract awards for example to demonstrate transparency and conviction of our own processes. Feedback from legal counterparts in different organizations was also very split on the issue of whether the list should be made public or not. The UN secretariat stated that the UN (Secretariat- UN/PD) would not agree to publish UN/PD’s list(s) publically.
139. The issue of *UNGM* and its *responsibilities and liabilities* in terms of the list was discussed. UNGM’s responsibility would be purely administrative in terms of updating and maintaining the information received from agencies/organizations. No decision making processes or powers would lie in UNGM. The consultants will further consider this issue and provide a worst-case scenario for considerations.
140. The issues of sole *suppliers* and currently contracted suppliers were also addressed, as well as issues with mother companies and counterparts. These will be addressed under exceptions in the final framework.
141. The issue of *rehabilitation and preventative measures* was also raised in order to not to restrict, but to reinforce relations and maintain the principle of competitiveness. These issues are already included in the final project using the Red Flag Matrix which the World Bank uses.
142. UNGM provided an outline of the *solution in UNGM* and which was identified in the project. These activities are funded from the HLCM project funds. Currently basic information on suppliers from the

UN/PD list is highlighted in UNGM which is for UN procurement staff use only. Staff logging in is requested to accept and acknowledge that information in UNGM is not for public use.

143. *Further documentation* on the project and status reports can be obtained from the HLCCM PN Secretariat.

X PROGRESS REPORT FROM UN SECRETARIAT ON UNCCS PROJECT

144. UN Secretariat/Procurement Division *chaired* the discussion as the initiator and funder of the review of the UNCCS (United Nations Common Coding System).
145. UN/PD *initiated* the project to address its own organizational needs when it found it difficult to identify the correct codes for products and services regularly procured. In addition, it also wanted to address vendor problems and frustration in selecting codes.
146. A number of *challenges and implications* were identified under the topics of structure, process, users and technology.
147. Based on user input and external leading practices, the following *key requirements and evaluation criteria* were identified: 1) Structure, 2) Coverage, 3) UN Suitability, 4) Influence On Future Updates, 5) Long-Term Viability, 6) Global Reach, 7) Market Use, 8) Costs, 9) Supported By ERPs, 10) Ability to Cross Reference, and 11) Support and Service Levels.
148. Using these 11 requirements and evaluation criteria, UNCCS was compared to six (6) alternative coding systems, i.e. UNSPCS, NAICS, NIGP, CPV, NSV and eCI@ss. *UNSPSC* scored the highest with 75 out of a possible 100 points and UNCCS was the second lowest scored coding system.
149. The consultants proposed *four options* for the future commodity coding system, i.e. 1) do nothing and continue with status quo, 2) enhance UNCCS with extensive updating, adoption by various procurement systems, 3) selectively enhance UNCCS giving priority to improvements to UNCCS, and 4) implement UNSPSC as soon as possible.
150. Having analyzed the impact, pros and cons for each option showed *implementing UNSPSC* soonest would be the most beneficial option for the UN system. The direct benefits of the change were mapped and presented. A roadmap for the implementation of UNSPSC was presented. The staged implementation would continue well into 2011.
151. *UNGM* had no major objection to the change, but the true impact needed to be assessed. UNCCS is the Achilles heel to UNGM and ASR data is extracted using this coding system.
152. The impact for *individual agencies* may also be more significant than anticipated. The UN Secretariat, UNRWA have selected the option of using UNSPSC when implementing their ERPs, and UNDP is also leaning towards the same option. WHO, UNICEF and UNFPA raised concerns as their systems were heavily depending on UNCCS. A survey to determine the effect of this change on the individual UNGM member agencies/organization is requested.
153. It was decided that *changes* will only be made after due consideration of impact and costs involved.
154. The UN Secretariat and consultants were *congratulated* on the quality and extend of the work done.

XI SHOW & TELL: COMMON PROCUREMENT ACTIVITIES GROUP IN GENEVA

155. *Dietmar Plesse from ITU* as Chairperson reported on the work done by the Common Procurement Activities Group in Geneva (CPAG).
156. CPAG serves *13 Member Organization* with offices in Geneva (UNESCO-IBE, ILO, IOM, ITC, ITU, UNHCR, UNICEF, UNOG, WHO, WIPO, WMO, WTO, UN Global Fund, and UNEP)
157. The CPAG functions through the following *organs*, i.e. Management Board which meets quarterly and with rotating annual chairmanship among the participating organizations. Its Secretariat lies with UNOG offering support with one Professional P3 post funded. Working Groups gather information to prepare common tenders.
158. The *objective* of the CPAG is to achieve best Estimated Cost Avoidance (ECA) and it can be illustrated by the following common tenders for 1) Travel Agency and Visa Processing Services Mail Services approximately 30% ECA for the Swiss and International Mail Services ; 2) Courier Services approximately 13% ECA; 3) Electricity approximately 4% ECA (CHF 499'062 per a.); 4) Paper Supply Euro 1'240'354 (2006-2009) and Office Supplies (Euro 118'391 (2009)).
159. Common tenders are based on individual contracting using a *lead agency* with due regard for the constitutional autonomy of each organization.
160. CPAG was *thanked* for sharing their considerable experience as one of the first common procurement teams in the UN system.

XII SHOW & TELL: COMMON PROCUREMENT TEAMS IN ACTION – CPT FAO-IFAD-WFP IN ROME

161. *Andrew Lukach* as relationship manager for the Common Procurement Team (CPT) provided a detailed presentation covering the following aspects: 1) Vision: Common Procurement Services, 2) Strategy: Various Alternatives such as One-Year Pilot, 3) Support from respective Governing Bodies, 4) Common Procurement Platform, 5) Benefits, 6) Objectives for 2010, 7) Communications Strategy & Tools, and 8) Implementation.
162. The *pilot CPT* is a small team of professional peers and support staff, internally coordinated, hosted at FAO, utilizing the IFAD and FAO e-tendering system, drawing upon best practices of all 3 Agencies, and working towards harmonization and optimization. It was decided to implement a 12-month pilot project among the three RBAs with a view to establishing the envisioned Common Procurement Team which would be operational within a reasonable time-frame. The Pilot Common Procurement Team operates on a Common Procurement Platform of goods and services of common interest to the 3 RBAs. From 2010, joint procurement is “the standard” approach as opposed to “the exception”
163. The CPT *focus* on headquarters procurement, currently estimated at USD 100m per year and includes tenders for travel, ICT consultancy services, re-mailing, petrol coupons, mobile phone services, cleaning & multi-services, office furniture, utilities, computers and printers, construction works, etc.
164. Some of the *benefits* derived are generating savings through leverage and economies of scale, rationalizing planning and resources, formalizing areas of harmonization in line with best practices, simplifying operations and processes, unifying and integrate interfaces with the business community, establishing common/joint procurement as the standard.

165. The implementation of the CPT will be *effective* from January 2010, hosted in one Agency on rotation basis with the first Lead/Host Agency being FAO. The CPT will be regulated by a Charter and composed of one Professional per Agency, plus Support Staff and a Relationship Manager.
166. For *awards* emanating from the CPT, the FAO Procurement Committee will be augmented by members from IFAD and WFP at comparable levels of representation to act as Contracts Review Committee.
167. *Conflict resolution* will deal with by escalating to Directors of functional areas or of Procurement for resolution within two weeks; failing that, escalation to IICC members.
168. The *cost and administrative management* of professional staff assigned to the CPT will remain with their respective agencies; other costs (e.g. training) will 'lie where they fall' as there will be no separate budget for the CPT. Indirect support costs (e.g. space, utilities) will be covered by FAO for the duration of the pilot and by each host in turn thereafter.
169. *Key Performance Indicators* will monitor the savings and efficiency gains obtained and a portion of savings will be reinvested to fund and support the team.
170. For *more information* such as templates and communication materials, please contact the HLCM PN Secretariat.

XIII SHOW & TELL: SOCIAL AND LABOUR STANDARDS IN PROCUREMENT PRACTICES

171. *Steven Oates*, Senior Advisor on Rights at Work, ILO presented this topic.
172. The presentation covered the *four basic principles* on rights at work, i.e. 1) freedom of association, right to organize and collective bargaining, 2) freedom from discrimination, 3) freedom from forced labour, and, 4) freedom from child labour. In addition, the special position of 'core labour standards, other conditions of decent work, and the state's obligations were covered. Convention 94 was also addressed.
173. *ILO's role* is servicing supervision, providing formal and informal advice and providing technical cooperation with regard to labour legislation, decent work country programmes, time bound projects and assistance to unions and employers through the MNE Declaration, CSR and Helpdesk.
174. A number of *examples* of the operationalization of social and labour standards in procurement practices were given and included the following UN-related examples: World Bank's country procurement assessment reviews, World Bank's Core Labour Standards Toolkit, ADB/ILO core Labour Standards Toolkit, IADB's guidelines on Managing Labour Issues in Infrastructure Projects.
175. In conclusion, the following issues were highlighted in terms of decent *outcomes to be pursued*: 1) adequate reflection of international and national legal obligations core labour standards, 2) key labour conditions to be included, importance of worker's organizations, 3) gender, child labour and wages, 4) coherence in the multilateral system, 5) implementation through inspection, monitoring, self regulation and reporting, complaints procedures and transparency.
176. The presentation was *welcomed* by members.
177. It was suggested that this could be an area of work which could benefit from *funding* and harmonized efforts to bring the UN system into the 21st century. UNICEF proposed to consider these aspects in terms of vendor eligibility, sustainability and harmonization of bidding documents.
178. *World Bank* shared their experience with implementing clauses which cannot be enforced and requested additional tools to assist.

XIV SHOW & TELL: FAO'S VENDOR MANAGEMENT -- STRATEGY & E-TENDERING FACILITY INTEGRATION WITH UNGM

179. This topic was presented by *Hunt Lacasia* from FAO.
180. FAO's vendor management project addressed a number of recommendations derived from a procurement audit report with the *objective* of reviewing and improving the vendor management practices in the procurement service.
181. A strategy was developed to i) capture data systematically, ii) use existing systems and database, iii) replace current vendor registration practices with UNGM, iv) make InTend the standard for tendering, and v) use corporate BI for vendor management reporting and collaboration.
182. In 2008 IFAD and FAO have selected *In-Tend* as e-tendering application. In-Tend was developed by the University of Sheffield for the UK education sector with funds from the UK Government and managed by small private company, In-Tend Ltd. In-Tend is a web-based application, which is provided as a service with once-off fee EUR20,000 and an annual fee EUR6000.
183. The *agencies* used InTend as follows: IFAD: Since 2008 all formal tenders (above 25,000 Euro) done with In-tend [approx 60 tenders]; FAO: mainly used by the HQ Contract Team [approx 20 tenders]; and WFP: started in 2009.
184. The integration of InTend with UNGM is planned in three phases. Phase I: publishing of tender and contract notices [Completed]; Phase II: vendor-interface integration and Phase III: shared services. Other initiatives which are planned are the integration with ERP for PR/PO and contract information.
185. The *presentation* provided detailed work flows for each of the business processes for vendor management review, KPIs, etc. More information can be obtained from the HLCM PN Secretariat.

XV SHOW AND TELL: UNHCR'S NEW CORE NON-FOOD ITEMS CATALOGUE (CNFIC)

186. The topic was presented by *Alejandro Gaitan* of UNHCR,
187. The *presentation* included the background and vision for the development of UNHCR's CNFIC, the objectives, processes and major actions taken for its development, information included in the Core NFI technical cards, core NFI included in the catalogue, guidelines for the printing of UNHCR visibility logo on Core NFI, and NHCR's "Item Master" specifications and CNFIC technical cards.
188. The main *objective* was to develop a practical and user-friendly tool in support of supply-related processes for the effective delivery of shelter materials and NFI, and to facilitate sourcing / procurement processes, particularly regarding the identification of new potential suppliers. The CNFIC will support innovation and quality control activities enhancing UNHCR's emergency response.
189. *Detailed information* and overview of contents of the technical cards, as well as supporting documentation was provided. For more information, please contact the HLCM PN Secretariat.

XVI AID EFFECTIVENESS/NATIONAL SYSTEMS

190. This issue was addressed in the Paris meeting and the HLCM PN has been *requested by UNDG* to review and support work in this area.

191. It was proposed to hire a consultant to do a *desk review* to look at aspects such as status, where agencies are, capacity development activities, assessment systems, etc. Agencies were requested to provide recommendations and feedback on bottlenecks as input to the proposed paper.
192. HLCM PN members are request to assist and provide a *contact* at HQ level and in countries for the purpose of the desk review.
193. It was also emphasized that governments are looking at *national procurement* under the aid effectiveness agenda. This impacts policies and rules and thus will need to be addressed at some stage.
194. A draft *Terms of Reference* for work in this area should be prepared and reviewed for comments and feedback.
195. The *UN Secretariat* advised that there is some sensitivity with regard to using national systems for peacekeeping operations which also needs to be considered.
196. *UNHCR* also advised that they use NGOs as implementing partners and that these partners have to abide by UNHCR's Rules and Regulations.

XVII DUAL USE

197. This issue was raised and presented by *Dominic Grace* from UNDP.
198. UNDP's *Nemeth Report* covering DPRK 1999 – 2007, Dual Use– civilian/military (or other restrictions) included both high- and low-tech items, such as centrifuges, fogging machines, fertilizers, laptops, software, vehicles. US restrictions extend to 10% US components. Challenge that all member states have potential export restrictions.
199. *Areas to consider* with relation to these items are the purchase and import of goods, use and management of goods, and ultimate disposal/retirement of items. OLA has developed text with regard to these types of goods which are covered under indemnity and immunities, but advised to ensure that risk and responsibility lies with the supplier.
200. Technically responsibilities are shifted to *suppliers* who need to obtain export licenses, and could encounter heavy fines/penalties for not doing so.
201. UNDP suggested the way forward would be to work on a *consolidated approach* to dual use, develop briefing material and training courses. The US government has offered to assist in developing materials. A compendium with restrictions and how to deal with it could be very useful. IAEA and UNRWA offered their assistance to progress the work in this regard.
202. WHO advised that the Security Council has a *booklet* which could be a good reference and starting point.

XVIII UN WIDE STANDARDIZATION OF FIELD MOTOR VEHICLES

203. This issue was raised and presented by *Michael Cora* from UNESCO.
204. One of the most important *accomplishments* of the IAPWG was the UN-wide standardization of Field Motor Vehicles (FMV)

205. The issue of handling fees and advance payment required by *UNOPS* were also briefly raised, as well as the unwillingness to share information on existing contracts. *UNOPS* responded that it supported the idea of standardization and would look into the issue and respond at a later stage.
206. Currently there are several *contractual arrangements* for vehicles with the same suppliers, which is in direct opposition to the concept of harmonization, standardization and its benefits.
207. The initial concept of FMV Standardization and the combined efforts of all interested agencies to define the standards and select most suitable makes/models were vehemently defended by Paul Acriviadis, WHO
208. UNDP raised the issue of *vehicle fleets* which are greatly neglected, it is not managed, no policies are in place and the disposal strategies are lacking.

XIX VENUE AND DATES FOR THE NEXT MEETING

209. After discussion, membership was in agreement that it was important to *schedule* the bi-annual meetings in order to obtain maximum participation and allow sufficient time for progressing of work plans, rather than trying to accommodate the HLCM meeting schedule. It was thus decided that the second of the bi-annual meetings would be scheduled in September 2010 rather than August 2010 with the understanding that reporting to the HLCM will still be prioritized. No date was set at the time of this meeting
210. It was agreed that the *next meeting* will take place in Geneva, Switzerland in compliance with the Procurement Network's commitment to meet the criteria of selecting venues in line with its carbon neutral guidelines, where there is a significant presence of local procurement capacity with the objective of involving the procurement practitioners by transmitting the spirit of collaboration present in the Procurement Network.
211. Mr Vanja Ostojic from ILO, Geneva was nominated by the Specialized Agencies as the *Vice-Chair for the 2010/2011 period*.
212. Ms Shanelle Hall from UNICEF took over the *chairmanship* from Michael Cora from UNESCO.
213. Mr *Michael Cora* was thanked for his passion, enthusiasm and leadership during his chairmanship.