# Summary of Conclusions of the Eighth Session of the High Level Committee on Management’s Procurement Network

(22 – 24 September 2010, Geneva, Switzerland)

## TABLE OF CONTENTS

I. INTRODUCTION AND BACKGROUND ................................................................................................. 2  
II. ADOPTION OF THE AGENDA ........................................................................................................... 3  
III. FROM BUDAPEST TO GENEVA – STATUS REPORT AND OVERVIEW OF ACTIVITIES ................................................................................................................................. 5  
IV. WORKING GROUP ON HARMONIZATION ....................................................................................... 6  
V. WORKING GROUP ON SUSTAINABLE PROCUREMENT ................................................................... 9  
VI. WORKING GROUP ON SUPPLIER ACCESS .................................................................................... 11  
VII. WORKING GROUP ON VENDOR MANAGEMENT, INCLUDING UNGM .................................... 13  
VIII. WORKING GROUP ON VENDOR ELIGIBILITY .......................................................................... 17  
IX. UNCCS PROJECT ........................................................................................................................... 19  
X. WORKING GROUP ON PROFESSIONALISATION ......................................................................... 20  
XI. SHARING OF PRACTICES: CARGO INSURANCE ......................................................................... 21  
XII. SHARING OF PRACTICES: MOTOR VEHICLES PROCUREMENT .................................................. 22  
XIII. SHOW & TELL: THE WTO GOVERNMENT PROCUREMENT AGREEMENT ............................ 22  
XIV. OVERVIEW OF THE HLCM SECRETARIAT AND THE PN PROJECT PIPELINE .................. 24  
XV. JOINT INSPECTION UNIT (JIU) PROCUREMENT REVIEW .......................................................... 26  
XVI. STRATEGIC FOWARD PLANNING SESSION ............................................................................ 28  
XVII. OUTSTANDING ISSUES AND CLOSING .................................................................................... 30
I. INTRODUCTION AND BACKGROUND

1. The *High Level Committee on Management’s Procurement Network* (HLCM PN) held its 8th session from 22-24 September 2010 at the premises of the World Health Organisation, Geneva, Switzerland under the Chairmanship of Ms Shanelle Hall (Director, UNICEF Supply Division). The Vice-Chairperson is Mr Vanja Ostojić (Senior Procurement Officer, ILO) and the outgoing Chairperson in Mr Michael Cora (Director, UNESCO, Supply Division). Together they form the Management Team of the HLCM PN. The meeting was chaired by Ms Shanelle Hall on 22 and 23 September and, in her absence, by Mr Vanja Ostojić on 24 September.

2. The Network *thanked* WHO for assisting with the logistical arrangements and providing excellent support to the HLCM PN Secretariat before and during the meeting.

3. The meeting was *attended* by 52 colleagues representing 32 of the 36 agencies registered as members of the Procurement Network. A list of participants is provided in Annex 1.

4. The meeting followed the *format of three working days* with closed meetings and discussion for Network members around an agreed agenda (Annex 2). Two pre-sessions were held the day prior to the start of the Procurement Network meeting — the first one on the Vendor Eligibility project and the second one on the United Nations Global Marketplace (UNGM).

5. 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.

6. Dr M. Jama (WHO) *opened* the meeting pointing out the strategic importance of procurement as a key function at the United Nations (UN), especially in the context of its reform process and the general coordination of the UN system. The quality and quantity of the work done by the Network was recognized at the recent HLCM meeting in Turin which he had had the opportunity to attend. He specifically stressed the importance of enhancing supplier access at country level and commended the inclusion of this topic in the agenda. Finally, he reiterated WHO’s commitment to support the Procurement Network’s work and welcomed the participants to Geneva and WHO premises.

7. Dr X. Leus (WHO) *welcomed* the participants and commended the Network for undertaking the challenging task to harmonise the different procurement practices in the UN system. As some of the participants were as well in charge of travel in their respective organisations, it was clear that harmonisation on many levels in the UN was necessary. He was impressed to see so many agencies sitting at one table discussing an ambitious agenda with the aim to share best practices. He also acknowledged the good work done by Paul Acriviadis (WHO) who prepared the meeting with such care.

8. Mr Paul Acriviadis (WHO) *thanked* all the participants for coming to Geneva. He announced that this was his penultimate meeting and that he was looking forward to making it a success.
9. The Chairperson welcomed participants to Geneva and thanked Dr Jama and Dr Leus for WHO’s hospitality and support. She acknowledged the contributions of Mr Paul Acriviadis to the Network throughout the past years. She recognised the efforts of members to contribute to the work of the Network and expressed her expectations to continue with fruitful discussions around the agreed agenda.

10. The Vice-Chairperson acknowledged the presence of a record number of members and welcomed two new organisations to the Meeting, the UN World Tourism Organisation (UNWTO) and the World Trade Organisation (WTO).

11. The outgoing Chairperson stressed the productivity and the high level of activity in the Procurement Network, making it the most active of all networks. This was due to the favourable mix of the different generations in the Network and the collective openness towards new ideas.

12. Participants introduced themselves and provided short statements of their expectations of the meeting.

13. 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 warmly appreciated.

II. ADOPTION OF THE AGENDA

14. A short introduction to the agenda was provided, with a special preview of the visit and presentation of the new project of the Joint Inspection Unit (JIU) of the United Nations System. Details on the project can be found in Annex 3. Annex 2 contains the agenda for the meeting.

15. It was agreed that while in the past there might have been reservations about JIU being present during the Network’s meeting, the review might prove to be a good means by which many of the very positive procurement reform initiatives being undertaken within the UN system could be highlighted, thereby providing advocacy and support for the ongoing Procurement Network work programme. Moreover, the PN considered it a good opportunity to review the draft terms of reference of the review with the JIU.

16. For the purpose of clarification of the review scope and in the spirit of cooperation, the Procurement Network agreed to invite JIU representatives to deliver a presentation on the terms of reference of the review. As well, it was agreed to invite JIU representatives to the Show & Tell session on the WTO Government Procurement Agreement.

17. 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 Budapest to Geneva — Status Report and Overview of Activities**  
*Annex 3: Presentation ‘From Budapest to Geneva’— Marina Kramer (HLCM PN Secretariat, UNDP)*

iv. **Working Group on Harmonization**  
*Annex 5: Presentation ‘Procurement Harmonization: Field Office Mozambique’ — Christian Schornich (UN Mozambique)*  

v. **Working Group on Sustainable Procurement**  
*Annex 7: Presentation ‘Sustainable Procurement Working Group Progress Report” — Caroline Lepeu (UNOG)*  
*Annex 8: Presentation ‘Global Compact’ — Søren Petersen (GC Office)*  

vi. **Working Group on Supplier Access**  

vii. **Working Group on Vendor Management, Including UNGM**  
*Annex 13: Document ‘Proposed Amendment of UNGM Operating Modalities’*  
*Annex 14: Presentation ‘UNGM - Steering Committee: Mid-year Operational Briefing’ — Niels Ramm (UNGM Secretariat, UNOPS)*  

viii. **Working Group on Vendor Eligibility**  
*Annex 17: Document ‘Basic Components of a Model policy Framework (MPF) for Agencies of the UN System to Consider for vendor Sanction Procedures within Their Respective Governance Frameworks and Mandates (Final Draft, August 2010)”*  
*Annex 18: Document ‘Final Flowchart’*  
*Annex 19: Document ‘Level 1 Flowchart Final’*  
*Annex 20: Document ‘Level 2 Flowchart Final’*  
*Annex 23: Other Supporting Documents*

ix. **UNCCS Project**  
x. **Working Group on Professionalization**  
*Annex 25: Presentation on the work activities and future of the Professionalization Working Group — David Macdonald (ILO)*

xi. **Sharing of Practices: Cargo Insurance**  
*Annex 26: Presentation ‘Assessment of Interest in joint Bid for Common Cargo Insurance’ — Cyrille Pernette (UNOPS)*  
*Annex 27: Document ‘Common Cargo Insurance Survey’*

xii. **Sharing of Practices: Motor Vehicle Procurement**  

xiii. **Show & Tell: The WTO Agreement on Government Procurement**  
*Annex 29: Presentation ‘The WTO Agreement on Government Procurement: Current Developments and Future Prospects’— Robert Anderson (WTO)*

xiv. **Overview of HLCM Secretariat and the PN Project Pipeline**  
*Annex 30: Presentation ‘HLCM and Its Procedures’ — Remo Lalli & Petra ten Hoope Bender, (HLCM Secretariat)*

xv. **Joint Inspection Unit (JIU) Procurement Review**  

xvi. **Strategic Forward Planning Session**  
*Annex 32: Document with the results of the Strategic Forward Planning Session — Group Proposals*

xvii. **Outstanding Issues and Closing**  
No documentation — Vanja Ostojić (ILO)

---

18. 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 BUDAPEST TO GENEVA – STATUS REPORT AND OVERVIEW OF ACTIVITIES**

19. Ms Marina Kramer (HLCM Procurement Network Secretariat, UNDP) provided a *status report and overview of activities* over the period since the Network’s last face-to-face meeting in Budapest, Hungary in September 2009. The full presentation may be found in *Annex 3*.

20. A notable *change in the Secretariat* was the departure of Ms Susan Struck. Ms Marina Kramer had assumed the responsibilities of her position. Susan Struck was thanked for her years of excellent service to the Network.

21. An overview of the *main tasks of the Secretariat and the role of the Management Team* was provided, with emphasis on the work undertaken to enhance the cohesion of Network practices...
and information consolidation. The Secretariat’s work on Business Seminars and the updated Procurement Network website was highlighted.

22. Information on the state of the Procurement Network was provided: there were 89 members of the Network, hailing from 36 organisations. It was noted that the gender ratio at the PN meetings has been considerably improved since the early days of the Network with 45% of female participants in 2010 in comparison to only 18% in 2004.

23. The participants were reminded of the PN Statutes and the target dates for the meeting preparations, which were only partially met for the 8th Session and there was agreement to continue to improve on timeliness.

24. An overview of the projects funded and proposed for funding by the HLCM was presented describing the main outputs of each of the projects/proposals, funding required and the resources available and/or potentially available.

25. Four proposals had been submitted to the HLCM for consideration in collaboration with the chairpersons of the respective working groups:

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/DOCO.

26. A fifth proposal was still in draft form, to be submitted in the fourth Quarter of 2010, as per discussions at the 7th Session in Budapest, Hungary: “Support to Procurement Network Secretariat” in the 2011-2013 period. The required Terms of Reference, as well as the reclassification process would need to be defined soon. UNDP will be funding this position until the end of 2011.

27. The Procurement Network reiterated their support and appreciation of the work of the Secretariat and the continuity of its work during the transition period.

IV. WORKING GROUP ON HARMONIZATION

28. The Working Group is chaired by Ms Ann Hasselbalch (UNICEF). The full presentations and documents can be found in Annexes 4-6.

Progress Report

29. An overview of the activities of the Working Group was provided by its Chairperson.

30. In February 2010, the Working Group’s proposal for funding was approved by the HLCM and consequently the Working Group developed and submitted a detailed project proposal to
enable the release of the funds. At the end of July, a Memorandum of Understanding was signed. The recruitment process for the two positions (GS-5, P-4) is in its final stages. The project is hosted by UNICEF.

31. The project budget was presented, amounting to USD 628,819. The majority represents staff costs. The details can be found in the project proposal.

32. An overview of the proposed Activities and Output, along with the Project time Schedule for the next 18 months (target dates for completion: October/December 2011) was presented:

**Activity 1: Establish a platform for harmonizing procurement**
- Output 1: “Guidelines for Harmonised UN Procurement at the Country Level” are revised
- Output 2: Structure and content of a standardized procurement toolkit is agreed
- Output 3: Harmonised financial rules & regulations and policies for procurement are recommended
- Output 4: A standardized procurement toolkit is developed and distributed via the UNGM platform

**Activity 2: Enable common procurement at country level**
- Output 5: Analysis of (selected) country level common procurement is completed
- Output 6: Evaluation methodology for country level procurement outcomes is completed
- Output 7: UNDG common services and procurement training modules is updated

33. The Procurement Network supported the overall work being done by the Working Group and acknowledged the timelines for the HLCM funded project.

**Procurement Harmonization- Field Office Mozambique**

34. Mr Christian Schornich (UN Mozambique) presented the harmonization work being done by the UN Country Team (UNCT) in Mozambique. He appreciated the opportunity to present given the importance of ensuring the harmonisation being done at country and headquarter levels took into account the perspectives of each.

35. As part of the “Delivering as One” efforts, the UNCT Change Management Plan put forth a strategy for harmonizing business processes and related business practices, including procurement in order to: 1) achieve dramatic improvements in efficiency and effectiveness; and 2) find opportunities for cost reductions. It was noted that the harmonization of procurement was done in relation to supporting goods and services and not programme supplies.

36. A Business Process Analysis, focused on the first two phases of the model – Assessment of the Current State and Design of the Future State, was conducted in order to identify inefficiencies and redundancies in the process and to create a harmonized procurement process. The third phase will be Implementation of the findings.

37. It was found that the current decentralized procurement model does not take advantage of synergies - cost sharing, economies of scale, etc. - which could reduce transaction costs. In
contrast, the *centralized procurement model* would allow the agencies to focus on their core missions and reduce transaction costs.

38. Based on the analysis, a *harmonized procurement process* alongside the establishment of LTAs, One UN Supplier Database and Procurement Portal are a vital step towards “Delivering as One” and exploring the possibility of implementing a centralized procurement unit in the long term. A harmonized procurement process would provide savings in terms of transaction costs and staff hours, and improve coordination amongst agencies mid-term. Challenges to this model were presented.

39. The *Procurement Network commended* the harmonization work done by the Mozambique Country Team and agreed that this and similar examples should be used to inform the harmonization guidelines being developed by headquarters offices and the Working Group.

**UNDG DOCO**

40. Mr Ashok Nigam (UNDG DOCO) presented a proposal for *UNDG/HLCM-PN Support for Harmonised UN Procurement at the Country Level*.

41. In response to the Triennial Comprehensive Policy Review (TCPR) 2007 for increased efficiency and effectiveness in business practices at the country level and learning from the experience of the Delivering as One pilot countries in 2009, the HLCM PN in cooperation with the UNDG Task Team on Common Services and Procurement, produced a set of guidelines for *Harmonized UN Procurement at the country level*. The guidelines were vetted and approved by UNDG in 2009.

42. UNDG DOCO suggested the following additional *follow up activities* for review by the HLCM PN:

   - *Support to countries* through the HLCM-PN and UNDG Roster of Experts coordinated by UNDOCO/ UNSSC. The main issues for discussion under this point are: system-wide common procurement training modules and the coordination of country support between HLCM PN and UNDG roster of experts.
   - *Revision of format of Procurement Guidelines* and further expansion through the HLCM-PN and UN DOCO. The main issues for discussion under this point are: the process and timeline for the revised format of the existing Procurement Guidelines and the process for the expansion of the guidelines by the HLCM-PN.
   - *Use of National Procurement Systems* – analysis of scope and further actions is required. The main issue for discussion under this point is the HLCM PN process and timing.

43. The HLCM PN noted that the previous procurement focal point in UNDG DOCO had not been replaced and asked about the support that would be provided in the future. It was explained that UNDG DOCO is planning to have a *focal point* delegated to work on issues such as common services, procurement and ICT. In addition, this person is also going to be the custodian of the roster of experts that we will call upon to provide country-level support.

44. Several PN members expressed their *reservation about the scope of work being requested*, because of the complexity as well as mandate of some of the members. The HLCM Secretariat
noted that at the recent prioritization process undertaken by the HLCM, Capacity Building was the area in procurement harmonization that was given the lowest priority. Some members noted they are working on capacity building but as an input to wider systems development being lead by others.

45. The **Procurement Network** supported the overall work being done by the WG and acknowledged the timelines of the WG for the HLCM funded project.

46. The **Network** acknowledged the request by UNDG DOCO for the HLCM PN to take the lead in developing ‘guiding criteria’ that interested agencies can use in their assessment of using national procurement systems rather than delivery supplies/services directly and agreed to consider this issue during the Strategic Forward Planning Session of the agenda.

47. The **Network** noted that the broader issue of building the capacity of national procurement systems that was presented more generically by DOCO is an area of work being undertaken by many organizations and IFIs.

V. WORKING GROUP ON SUSTAINABLE PROCUREMENT

48. The Working Group is *chaired* by Caroline Lepeu (UNOG). The full presentations can be found in *Annexes 7-9*.

*Progress Report*

49. An *overview of the activities* of the Working Group was provided by its Chairperson and Isabella Marras (UNEP) as follows.

50. Progress concerning *Sustainable Procurement in the UN system* was acknowledged and the PN was informed that the General Assembly (GA) will discuss Sustainable Procurement and the JIU report on “The Environmental Profile of UN System Organisations” (giving positive advice on the topic) between 4 and 18 October.

51. The **Sustainable Procurement trainings** of the Working Group have reached 11 duty stations. A follow-up survey is on-going to get some feedback about the design of the training and its influence on the procurement process. Results will be presented at the next HLCM PN.

52. *New guidelines* are ready to be launched on Catering, Vehicles and Offsets. The Group is working on *new themes* (Generators, Freight, and Building) and *on-line training*, while some work is still required to finalise the Sustainable Procurement Guide.

53. The project on Sustainable Procurement was *approved* by the HLCM but funding is “on hold” pending a favorable outcome from the GA discussion. The Sustainable Procurement Working Group proposed to the HLCM PN to *revisit the project proposal* and to submit to the HLCM a testing process of the Sustainable Procurement concept in some duty stations, on a voluntary basis (mix of Delivery as One and UN hubs such as Geneva, Nairobi, Bangkok, etc.). This would be associated with trainings, interviews with procurers and requisitioners and tailored
assistance in bids. The testing process would provide a deeper understanding for agencies on what is SP and under which boundaries and conditions it is feasible.

54. The concrete outcome would be recommendations to the HLCM and the Procurement Network on where and how Sustainable Procurement may be applied in the UN system taking into account the boundaries identified and cautionary comments expressed by some member states. The testing would also allow designing a tailored approach for duty stations in developing countries and encourage the accessibility of (local) suppliers to UN tenders.

55. ILO offered to support the work of the Sustainable Procurement Working Group in terms of social and labour issues. Their willingness to apply their expertise on these priority areas was appreciated by the Procurement Network.

56. The Procurement Network welcomed the progress of the Sustainable Procurement Working Group.

**Sustainable Procurement of Food and Catering Services**

57. Professor David Russel (The Russel Partnership) presented the Sustainable Procurement of Food and Catering Services Project.

58. The methodology of the project included: UN familiarization, refinement of Project Terms of Reference, development of the scoping document, engaging UN hubs, desk & telephone research, collating of outcomes & establishing guidelines and the presentation of the Guidelines. During this process both The Russel Partnership (RP)/Tourism and Hospitality Institute for Sustainable Development (THISO) Specialist Advisory Group and the UN Specialist Advisory Group were consulted.

59. The importance and correlation of sustainable food and sustainable procurement was explained, bringing together environmental, social and human aspects in the quest to, amongst others, manage the finite natural resources, preserve biodiversity, include worker’s rights, address animal welfare, use of cleaning solutions and deal with packaging.

60. The Network discussed the application of guidelines and the consultants confirmed that the guidelines were not intended for bulk food procurement nor was it relevant for catering services in all duty stations. Moreover, it was clarified that the inclusion of guidelines for procurement of food related to the food being procured as a part of catering services only.

61. The Guidelines will be shortly available online in form of a ‘flickable PDF’ file.

62. The Procurement Network appreciated the draft procurement guidelines and agreed that the title should be changed to reflect that the Guidelines are intended for catering services and related food for select UN offices.

**Global Compact**

63. Mr Søren Petersen (Global Compact Office) introduced the initiative.
64. The *United Nations Global Compact* is a strategic policy initiative to *encourage* businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour rights, the environment and anti-corruption.

65. Companies are asked to *take action* both within their company’s operation and in societies where they operate and communicate on their progress regularly. The *progress reports* include three elements: a statement of continuing support, a description of practical actions and the measurement of outcomes. While the reports are not directly assessed by the UN, they are publicly available and subject to *scrutiny* by dedicated non-governmental organisations, media outlets and other stakeholders.

66. The *Procurement Network* members *welcomed* the presentation, as it was directly relevant to their work with suppliers.

67. The *Office of the Global Compact* agreed to *develop an overview of the Global Compact* that could subsequently be circulated by the HLCM PN members to their supplier base as a way of influencing industry toward corporate social responsibility.

**VI. WORKING GROUP ON SUPPLIER ACCESS**

68. The Supplier Access Working Group (SAWG) is *chaired* by Joanna Porreca (UN/PD). The full presentation can be found in *Annex 10*.

**Progress Report**

69. The SAWG Chairperson provided an *update* on the activities of the SAWG as well as a briefing on the SAWG for new HLCM PN participants.

70. A review of *General Assembly Resolutions 57/279 and 61/246*, encouraging the UN organizations to increase sourcing opportunities for suppliers from developing countries and countries with economies in transition, was provided. The resolutions form the basis for the establishment of the group.

71. The *trend of procurement volume* with developing countries and countries with economies in transition has steadily increased over the last 5 year period as published by UNOPS in the “2009 UN Procurement Volume Report” (see the graph below). This clearly demonstrates the heightened awareness of the UN Procurement Offices for sourcing and awarding of contracts to suppliers from these countries.
72. The overview of the *Business Seminar Activity for 2010* (until September) organized by both the SAWG and the PN Secretariat was presented. It was announced that a review of the business seminar policies established by the Procurement Network over the last 10 years would be presented at the next meeting. New members were informed of the key policies for the organization of Business Seminars.

73. The statistics demonstrate increased initiatives for conducting business seminars in developing countries and countries with economies in transition as well as a 15% increase of vendors in attendance for 2010 over 2009 (see table below).

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010 (1/1 - 14/9)</th>
<th>2010 vs 2009 (partial statistics)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dev</td>
<td>Ind</td>
<td>Total</td>
</tr>
<tr>
<td>Total Events</td>
<td>24</td>
<td>22</td>
<td>46</td>
</tr>
<tr>
<td>Total Vendors in</td>
<td>1639</td>
<td>2280</td>
<td>3919</td>
</tr>
<tr>
<td>Attendance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint Events</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg UN Partners</td>
<td>2</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>WCF Events/Trainings</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
74. The SAWG Chairperson pointed out that primarily due to lack of funding, it remains difficult for UN Agencies to participate in Business Seminars conducted in these countries. A proposal was submitted to the HLCM for funding of a formal business seminar programme. The key objectives are: (a) to support decentralised operations, country teams and local procurement officers; (b) to establish a foundation for continued support; (c) to develop “in-country” International Chamber of Commerce/World Chambers Federation (ICC-WCC) points of contact for the local business community; (d) to train ICC-WCC regional and local staff.

75. A briefing of the activities under the UN Secretariat’s Memorandum of Understanding with the ICC-WCC highlighted the UN’s participation in Regional meetings of the ICC in Santiago, Chile; Damascus, Syria and Libya. The ICC/WCF continues to distribute information to its membership on UN Procurement via e-newsletters & webinars.

76. Membership of the Working Group has expanded to now include: UNGM/UNOPS, African Development Bank, UNHCR, UNDP and UNEP.

77. The strengthened SAWG will embark on a revision of the draft “Guidelines for Organising Entities” and the drafting of a policy document as well as brainstorming with the aim to identify other methods for achieving its objectives.

78. The Chair/SAWG announced the publication of the Procurement Network /Communities of Practice- PN Business Seminar Website where all information and material regarding business seminar activities will be published for the PN membership immediate access. In addition, the facilities of the website provide automatic email alerts each time a new announcement is published and/or the business seminar calendar is updated.

79. The Procurement Network commended the number of Business Seminars that have been undertaken with developing and industrialized countries and supported the various activities related to Supplier Access as presented.

80. The Procurement Network appreciated the website that had been developed by the UN Secretariat on supplier access and agreed that it would help with the communication and planning of business seminars and sharing of practices. It encouraged its members to register on-line for the business seminar notification email and to support the Secretariat (PN and UN Secretariat) by participating in Business Seminars.

VII. WORKING GROUP ON VENDOR MANAGEMENT, INCLUDING UNGM

81. Mr Giorgio Fraternale (WIPO) is the Chairperson of the Vendor Management Working Group and the United Nations Global Marketplace (UNGM) Steering Committee. Documents on the work of the Group can be found in Annexes 11-15.

UNGM Revised Budget (2010-2011)

82. The UNGM budget 2010-2011 (USD 495,683 in 2010 and USD 530,402 in 2011) had not been approved at the HLCM PN meeting in Budapest in March 2010. Therefore, a revised budget was presented (see table below).
<table>
<thead>
<tr>
<th>Functional Title</th>
<th>Level</th>
<th>No of Staff</th>
<th>Unit Cost per year</th>
<th>Total Cost UNGM Funded</th>
<th>Unit Cost per year</th>
<th>Total Cost UNGM Funded</th>
<th>Total Cost (Funded by External Projects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Coordinator</td>
<td>P3</td>
<td>1</td>
<td>$180,183</td>
<td>$180,183</td>
<td>$192,796</td>
<td>$192,796</td>
<td></td>
</tr>
<tr>
<td>ICT Developer 1 (resigned 1/7/10)</td>
<td>G7</td>
<td>1</td>
<td>$100,538</td>
<td>$90,476</td>
<td>$50,269</td>
<td>$44,617</td>
<td>$44,617</td>
</tr>
<tr>
<td>ICT Developer 2 (Started 21/6/10)</td>
<td>ICA</td>
<td>1</td>
<td>$41,698</td>
<td>$44,617</td>
<td>$44,617</td>
<td>$44,617</td>
<td></td>
</tr>
<tr>
<td>ICT Developer 3 (Started 01/8/10)</td>
<td>ICA</td>
<td>1</td>
<td>$41,698</td>
<td>$44,617</td>
<td>$44,617</td>
<td>$44,617</td>
<td></td>
</tr>
<tr>
<td>Project Assistant/Helpdesk</td>
<td>G6</td>
<td>1</td>
<td>$91,536</td>
<td>$97,944</td>
<td>$97,944</td>
<td>$97,944</td>
<td></td>
</tr>
<tr>
<td>Additional Resources (if req.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Coordinator (at 15%)</td>
<td>P2</td>
<td>1</td>
<td>$157,393</td>
<td>$168,411</td>
<td>$25,262</td>
<td>$25,262</td>
<td></td>
</tr>
<tr>
<td>ICT Developer (at 15%)</td>
<td></td>
<td>1</td>
<td>$100,538</td>
<td>$107,576</td>
<td>$16,136</td>
<td>$16,136</td>
<td></td>
</tr>
</tbody>
</table>

**Total Staff Cost** | $383,264 | $22,586 | $376,754 | $44,617 |

| Travel (Project Coordinator)              |        |            | $7,000   | $7,000   |                      |                      |                                        |
| Kompass Subscription                      |        |            | $7,500   | $10,125  |                      |                      |                                        |
| Site Hosting                              |        |            | $6,500   | $7,150   |                      |                      |                                        |
| Bulk Email system subscription            |        |            | $5,000   | $5,000   |                      |                      |                                        |
| Management Overhead cost (7% of total staff cost) |        |            | $28,648  | $28,506  | $3,123              |                      |                                        |

**Total UNGM Operational Cost** | $437,913 | $24,167 | $435,735 | $47,740 |

83. The budget revision consisted of the following aspects:

- Resignation of ICT developer (G7) and his replacement on cost effective short-term contract modality (ICA). An additional ICT developer was engaged (funded by external to UNGM regular budget sources e.g. VE project, In-Tend integration).
- Additional resources were utilised less than expected (at 15% rather than 25%).
- Kompass subscription increased from USD 5,500 p.a. to USD 7,500 due to increased UN usage.

84. An overview of costs per member organization was as well presented. It was explained that the current cost sharing model consists of:

- A fixed “club membership” fee established at USD 5,000 per agency.
- Income derived from value-added services provided to vendors (Tender Alert Service).
- An agency specific cost share based on the actual number of vendors submitting registration requests per agency.

85. The UNGM members endorsed the revised UNGM Budget 2010-2011.

86. The UNGM members agreed to the following amendment of Article 3.4 of the UNGM Operational Modalities:

“The following shall be established by way of UNGM Decisions other than Steering Committee Decision: i) UNGM Approved Strategy; ii) UNGM 2-year Business Plan; iii) UNGM 2-year Rolling Budget; iv) UNGM Annual Operational Report; v) UNGM Finance
Post Factum Review; and vi) Recommendations on UNGM investments and, if necessary, winding-up of UNGM. 

*If a 2-year UNGM Rolling Budget is not agreed by the beginning of a new financial period, the provisional budget shall be at the same level as the budget of the previous 2-year period.*”

This amendment addresses the procedure to be applied in the event of the UNGM membership not adopting an operating budget and seeks to ensure the continued operation of the UNGM until such time that clarification can be provided and membership agreement reached.

87. Some Procurement Network members raised again their *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, some members feel they are paying more than the value of the benefits received by the UNGM.

**UNGM Steering Committee: Mid-year Operational Briefing**

88. Mr Niels Ramm (UNOPS), representing the UNGM Secretariat, reported on the *UNGM activities* in 2010. In essence his presentation providing statistics on UNGM, the role and function of the UNGM Secretariat, the results of the UNGM UN User Survey, the Tender Alerts Service (TAS) and IT development executed or planned as per business plan of the Steering Committee.

89. *Statistics* concerning the general facts on the UNGM database, procurement notices, LTAs, contract awards and website traffic data from March 2010 were compared with statistics compiled for the purpose of the meeting in Geneva. They indicate that *increased activity and use* of the United Nations Global Marketplace have an impact in terms of time and costs involved.

90. The *UNGM Secretariat* noted that they continue to provide a helpdesk service to vendors and UN. They also maintain 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. They also have developed user training modules that are available to members, including tailor-made training.

91. The UNGM Secretariat reported on a *survey they undertook of UNGM UN users* in July 2010 with an encouraging response rate of 26% (786 users of 3,377).

92. Per the user survey, there appears to be good overall satisfaction with the *UNGM Supplier Search*: 65% of respondents rated their overall satisfaction as good or excellent, while 70% of respondents rated the user-friendliness and the quality of search results with a 3 or above grade (5 being the highest grade). 21% of respondents assess the UNCCS Codes as being not user-friendly. The survey identified the *most popular functions* on UNGM to be: the Procurement Notices functionality (41% use UNGM to publish notices, 38% access UNGM to view them) and the UNGM Supplier Search (57% of the respondents). The survey also *identified* suggested issues for the future development of UNGM which are included in the report.
93. The UNGM Secretariat also provided an update on the Tender Alert Service (TAS). The Network was advised that in 2010, the TAS had resulted in USD 212,000 through end of August. That was 88% of the projected revenue and the revised projection for 2010 is USD 313,000. The total number of subscriptions in 2010 is 913, with an average number of monthly subscriptions of 110.

94. The UNGM Secretariat continues to promote the TAS, including via emails, training modules, and an internet ‘insert’ that is available for UN agencies to include on their respective websites. The UNGM Secretariat is continuing to improve the TAS via increased awareness, visibility, quality of procurement notices that are posted, and timeliness of vendor ‘evaluation’ once they request registration.

95. The UNGM Secretariat proposed a number of additional minor IT developments of the UNGM system, including a improved guidelines on posting procurement notices and improvements in the TAS system. The UNGM Secretariat also proposed a number of future actions such as Knowledge Sharing platform, UNGM Communication Plan, quality management system for UNGM, translation of UNGM, a management statistic dashboard, support to Vendor Eligibility project, and UNCCS coding.

**Review of UNGM**

96. The Members were reminded at the last HLCM PN Meeting in March 2010, the HLCM PN agreed that a management review of UNGM would be undertaken 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 by many organizations and agencies and to ensure that it meets the needs of the Network in the coming years. There was discussion by the Members as to whether the Evaluation was needed, who should conduct the evaluation and how the costs of such could be borne.

97. UNDP expressed their support to the project but due to their low usage of the marketplace did not feel in the position to take the lead. However, they offered their experience with LTA agreements for consultancy services, such as PriceWaterhouseCoopers, which could be accessed. They supported an external evaluation.

98. In addition, UNDP supported having an independent review on whether ‘one size fits everyone’ after 10 years as the markets and needs have changed. It was noted that as the UNDP has 166 offices and the use of the portal was limited. Linked to this is the reputation problem: firstly, due to limited resources, backlogs of approving potential suppliers can be considerable and, secondly, potential suppliers had expectations once they were approved. This should as well be considered in the review.

99. UN/PD offered to take the lead and commended the UNGM team on the excellent work done so far. They stressed that it was important to examine how the Network uses the system and what it wants from it in order to design the system to meet the Network’s needs. While an internal review could bring useful findings as well, it was noted that an external consultancy would bring in new ideas on how to achieve better self-sustainability of the UNGM. The UN Secretariat reiterated their commitment to pay 50% of such a management review with a ceiling of USD 100,000. The rest needs to be covered by UNGM membership through a mechanism to be agreed.
100. IAEA noted that the costs of holding such a review were very high and commended the work that the UNGM team put into analyzing the available data. They suggested that an external evaluation might not bring the desired effect, as the already available data was already revealing.

101. UNICEF expressed their support of the evaluation of UNGM. Different agencies used the portal for different purposes and this had to be defined. An internal review might be possible, but time, capacity and resources might present a problem. Therefore, UNICEF would support an external review as the funding seems to be available.

102. UN/PD commended the work put by the UNGM team to develop new functionalities. However, it was acknowledged that while UN/PD was using the UNGM and the appertaining functionalities very much, other agencies might not have the need to use all of the offered features and this also had to be examined.

103. WIPO commended the portal as the answer to the needs of the international business community and one of the rare true inter-agency tools. Therefore its improvement should be high on the agenda of all the participating agencies and the Procurement Network members.

104. It was agreed that the HLCM PN Secretariat would circulate the Terms of Reference for the Independent Evaluation of the UNGM to the Procurement Network for review. Based on the finalized TORs, the PN members would be invited to self-nominate to lead the evaluation. Otherwise, UN/PD and UNDP would lead the process for hiring a consultant and jointly manage the Evaluation. The Members agreed that no major additional IT development of UNGM should be undertaken except as a part of the outcome of the Evaluation.

VIII. WORKING GROUP ON VENDOR ELIGIBILITY

105. The Group is chaired by Dominic Grace (UNDP). The full presentation and documentation can be found in Annexes 16-23.

Project Update

106. Together with Ms Lorena Sander (Claro & Associates, Inc), the Chairperson presented the Framework for Vendor Sanctions in the UN System, the first project to be financed and delivered on behalf of the Procurement Network.

107. The Chair focused his remarks on the project itself, highlighting the selection process, the nature of the activities undertaken by the Working Group, which included two representatives of the Legal Network, and the manner in which the project responded to the needs identified by HLCM with regards to dealing with vendors that failed to comply with the standards and procedures of the various agencies that make up the UN System. He also summarized the process by which the HLCM PN membership could adopt, in principle, the framework developed as a result of the project, which would be subsequently submitted to the Legal Network for comments as well as the HLCM for information.
108. Ms Lorena Sander presented the final deliverables under the Vendor Sanction Project (Phase I) that were developed by the consulting team: the Model Policy Framework (MPF); flowcharts; guidance notes; and templates. Her remarks concentrated on the structure and substance of these deliverables and emphasized the changes undertaken since the first draft.

109. In addition, she noted what decisions were made in terms of its structure taking into consideration the high volume of feedback from the Working Group, the representatives of the Legal Network, and further developments in international best practices with regards to vendor sanctions. These include, but are not limited to:

- The decision to keep the Ineligibility List as an internal document that will not be published;
- The elimination of an appeals process for sanctions;
- Ancillary concerns such as data protection; and
- How this effort fits in with other initiatives such as the Senior Vendor Review Committee that is being piloted by the UN Secretariat.

110. Several issues were addressed by the Network in the discussion, resulting in the following action items:

- The Draft MPF will be amended in order to remove the IL Administrator from the process requesting an entry into the list be reviewed. As this is a matter to be decided by the Affected Agency itself, there is no need for UNGM, and by extension UNOPS, to be involved.
- The Guidance Note regarding minimum and maximum sanctions will be amended to better reflect the fact that, since reinstatement is never automatic, the duration of sanctions does not need to be tied to specific minimums and maximums.
- Text of Waivers for UNGM will be developed as a separate Guidance Note.
- The terminology will be further defined to reflect the fact that the UN Secretariat uses suspension as a form of sanction and not just as a preliminary measure, as is set forth by the MPF. Additional definition on the use of the terms ‘suspension’, ‘sanction’ and ‘eligibility’ in the MPF will be provided so that they are not confused with other uses of these terms, as described in footnote 7.

111. The implementation of the MPF will be driven by each agency. The Procurement Network endorsed the guiding principles of the Vendor Eligibility Model Policy Framework, subject to final review by the Legal Network.

112. It was agreed that the MPF would be edited to: ensure that the responsibility for the review of errors on the list of ineligible vendors lies with the sanctioning UN agency and not UNGM/UNOPS; and provide additional definition on the use of the terms suspension, sanction and eligibility in the MPF so that they are not confused with other uses of these terms.

113. The PN was invited to send any final edits or comments to UNDP for review by the end of October.

114. Following the endorsement by the HLCM PN, an indication of the process forward was outlined as below:
• An update on the process of the MPF would be provided at the upcoming HLCM meeting
• The Legal Network would review the MPF and their comments would be circulated to the PN for information and final review as needed.
• The final MPF would be presented to the HLCM at its next meeting (barring no material proposed changes to the MPF by the Legal Network)

IX. **UNCCS PROJECT**

115. Mr Kiyohiro Mitsui (UN/PD) provided the Network with a summary of the United Nations Common Coding System (UNCCS) *project background* as well as the findings of PriceWaterhouseCoopers (PWC), which the UN Secretariat had contracted to conduct the analysis of six coding systems available in the market. His full presentation can be found in *Annex 24*.

116. The review’s finding and recommendation was clear: to replace UNCCS with the United Nations Standard Products and Services Code (UNSPSC). Following the HLCM PN meeting in Budapest, the members were requested to *review and validate* the findings of PWC. The UN Secretariat presented the comments received from 16 organizations. Most organizations had no serious objections to implementing the new system.

117. Following comments received on his presentation, the Chair proposed that the Procurement Network should *implement replacement* of UNCCS with UNSPSC on the UNGM website subject to the Network’s final decision at its next meeting where the UN Secretariat will present implementation plans. These would cover funding and the management mechanism, technical issues, communication with existing vendors and procedures for adding/changing codes through the UNSPSC membership mechanism.

118. Members raised questions about the *impact of a change* from UNCCS to UNSPSC on the Annual Statistical Report and the Tender Alert Service and also suggested the terminology of codes should be reviewed. The UN Secretariat agreed to review the issues raised. It was also clarified that the funding for implementation of UNSPSC on the UNGM website would be based on voluntary contributions and would not be on the basis of cost-sharing among the UNGM user organizations.

119. The Network *thanked* the Group for its work and *requested* the Project Manager to:

• Explore funding and managing mechanism for implementation
• Work with UNOPS/UNGFM to review the technical issues
• Develop a proposal for implementation and communication with existing vendor
• Contact UNSPSC to confirm procedures for adding/changing codes and membership fees
• Review how the change to UNSPSC would affect the Annual Statistical Report and TAS
• Review the mapping of UNCCS and UNSPSC
120. The IAEA offered its experience in reviewing the mapping of UNCCS and UNSPSC and the Network welcomed their support.

121. The Procurement Network will be presented with a report on the above in the Spring HLCM PN meeting.

X. WORKING GROUP ON PROFESSIONALISATION

122. Mr George Jadoun (ITC-ILO) is the Chairperson of the Professionalization Working Group (PWG). However, as he was not able to attend the meeting, he was represented by Mr David Macdonald (ILO). More information about the report can be found in Annex 25.

Progress Report

123. The scope of work of the PWG has been based on three pillars, as previously agreed by the Procurement Network:

1) staff recruitment with appropriate qualifications;
2) continuous professional development especially in a decentralized context; and
3) improved opportunities for cross-fertilization through staff mobility and rotation.

124. The most recent accomplishments of the group are: 1) Preparation of job profiles for P and GS staff engaged in procurement functions and 2) Activities supporting continuing professional development, for example, (tentative) revisions to the UN Procurement Practitioners’ Handbook, a Competency baseline for UN procurement staff, dissemination of information on available procurement training courses, via the HLCM PN Secretariat and a survey on the incidence of procurement staff mobility.

125. It was noted that no new work had been undertaken since March 2010. However, there were certain “loose ends” that had to be dealt with such as resolving the status of the revised procurement P and GS job profiles and the further revision of Procurement Practitioners’ Handbook, the latter work being dependent on outcomes of the work of Harmonization and Sustainable Procurement Working Groups. When talking about a possible future agenda, other possible tasks as listed in the UN Procurement Professionalization Strategy prepared for the Amman PN meeting could be envisaged.

126. It was stressed that many PN members view work on Professionalization to be important. However, lately there had either been no “fresh” ideas for work among the group or existing proposals had not been supported by the Network.

127. Taking the above into consideration, there now seemed to be two options:

(a) Abolish the Professionalization Working Group, incorporate its remit in the work of another working group (a sub-group of the Harmonization Working Group) and re-allocate completion of remaining “loose ends” to that group;
(b) **Await the outcome of the Strategic Forward Planning Session** and either task the Working Group with new projects, or suspend its activities until appropriate work is agreed by HLCM PN.

128. The Procurement Network acknowledged the importance of professionalization of procurement staff, a situation which had been confirmed by the recent survey of priority results in the area of procurement, carried out by CEB Secretariat (25% of UN organizations identified the Professionalization of procurement function as ‘a very important’ and 54% as ‘an important’ issue). Accordingly, the Network agreed to **pursue the second option** and await the outcomes of the Strategic Forward Planning Session.

**XI. SHARING OF PRACTICES: CARGO INSURANCE**

129. Mr Cyrille Pernette (UNOPS) **presented** this topic on behalf of Campbell Bright (UNFPA) who was unable to attend the meeting but suggested the Network review this cross-agency issue. More documents may be found in Annexes 26-27.

130. The **background** of the Common Cargo insurance was explained: In the fifties UNICEF contracted an insurance broker Hugh Wood. A number of UN organisations decided to join this insurance agreement later on, but the files of the procurement are no longer available. There have recently been audit observations in at least two UN agencies regarding a need for new procurement. In addition, there have been major changes with the current insurance broker. Therefore, UNFPA has proposed the members review whether they are interested in doing joint procurement for cargo insurance.

131. The HLCM PN Secretariat conducted a **survey on cargo insurance** to which 17 agencies responded. The survey collected information on the agencies’ actual arrangement, insurer, major conditions and interest in a new common tender and reflected the different business arrangements. While 5 agencies assessed the matter not to be relevant for them, 4 expressed their interest in participating actively in the new common tender and 12 expressed their participation on a benefit-only base.

132. The **objective** of the specialized agencies involved in the procurement of insurance services should be to: (a) launch a competitive bidding process for cargo insurance services; and (b) ensure that the relationship with the insurance services provider is defined by the way of a properly awarded agreement or contract. The major benefits of such an arrangement are: combined buying power, reduced duplication of efforts and simplified and standard reporting procedures.

133. A lead agency to conduct the bidding exercise and/or manage the eventual LTA should be identified. Procurement Network members interested in participating in a joint insurance tender should **notify UNOPS** in the coming week and the group will self-organize and keep the PN Secretariat informed of their work.

134. The Procurement Network **welcomed** the proposed initiative by UNFPA.
XII. SHARING OF PRACTICES: MOTOR VEHICLES PROCUREMENT

135. Mr Michael Cora (UNESCO) presented this topic. More information may be found in Annex 28.

136. The Standardization Scheme on UN Field Motor Vehicles (FMV) does de facto not exist any longer. Even though UNOPS, having inherited this activity from IAPSO, continues to tender for the known 12 categories of vehicles and concludes respective LTAs, several agencies entered into their own, separate LTAs with selected manufacturers. This is partly due to the high overhead costs of UNOPS for this service.

137. For the above reason, some agencies are either not authorized to purchase through UNOPS or can do it only as a result of competition. Consequently, in some instances, different agencies may have significantly different arrangements with the same firm. Consolidated procurement would bring substantial benefits: greater procurement volume resulting in higher purchasing power; higher purchasing power would in return result in lower prices and substantial savings, improved standardization, improvement of vehicles procurement planning, etc.

138. Recently, the HLCM PN Secretariat conducted a survey on motor vehicles procurement to which 16 agencies responded. The survey collected information on volume and value of vehicle procurement per UN agency, purchase modality and intention/preference of purchase. The survey confirmed the use of different business models. While 3 agencies assessed the matter as being irrelevant to them, 6 expressed their support to go back to the initial concept of UN Standard FMV and 3 wanted to stay by their individual arrangements.

139. The Procurement Network welcomed the initiative and reached an agreement on a more collective approach in order to: (a) achieve savings through standardization; and (b) consolidate negotiation power vis-à-vis suppliers, the methodology of which however, needs to be defined.

XIII. SHOW & TELL: THE WTO GOVERNMENT PROCUREMENT AGREEMENT

140. Mr Robert Anderson (Counselor, WTO Secretariat) presented the current developments and future prospects of the WTO Agreement on Government Procurement (GPA). The full presentation may be found in Annex 29.

141. It was explained that GPA is a legally binding international agreement that relates to the procurement policies of the participating WTO member governments and related market-opening initiatives. Procurement in the Agreement includes goods, ranging from commodities to high technology equipment and services. It is administered by the WTO Committee on Government Procurement and supported by the WTO Secretariat (Intellectual Property Division).

142. He proceeded to explain the main elements of the GPA: provisions on national treatment and non-discrimination, schedules to define the coverage of the Agreement, minimum standards regarding the key aspects of the procurement process (to ensure transparent and open
competition), enforcement provisions, special and differential treatment for developing countries and the built-in commitment to negotiations aimed at improving the Agreement.

143. Subsequently, the most important aspects of the current negotiations were highlighted. In December 2006, negotiators reached a ‘provisional agreement’ on a new GPA text, basically revising provisions to make them more specific and understandable, improving flexibility of time periods for procedures and committing to develop arbitration procedures and indicative criteria for resolving differences regarding modifications to coverage. In addition, the new Agreement also provides more explicit recognition of implications for governance and recognition of the role of technical specifications regarding resource conservation and environmental protection.

144. The text has been successfully subjected to a legal check and rectification, and the acceptance will be complete when a mutually satisfactory outcome on the related coverage negotiations will be reached.

145. The purpose of the coverage negotiations that have been going on for several years now is to deepen coverage and eliminate the existing discriminatory measures. The negotiations are expected to be finalized by the end of the year or in the first half of 2011.

146. Statistics were presented on the membership of the GPA. Currently, it covers 41 WTO Members including the EU and its 27 member States and most other developed countries. Nine more countries are currently seeking accession and five countries have commitments to join the GPA as part of their WTO accession protocols. Other countries might follow as well.

147. GPA domestic review provisions were also presented. Their purpose is to permit suppliers (especially those who have lost out) to seek and obtain a speedy correction of anomalies in the contractor selection process, consistent with national law. This is a low-cost, effective means of systemic oversight, subject to national legislation, which avoids the need for WTO enforcement procedures in many cases. Different examples on what can be challenged were presented, both pre- and post-contract award, as well as some appropriate remedies. The importance to have a timely and transparent functioning of the review body was highlighted.

148. In the international context, as viewed by the speaker, there are the factors driving us over time toward a global procurement market. Today there is enhanced awareness of the economic significance of the procurement sector as a factor underpinning development, for example in building hospitals, bridges etc. The already mentioned pending accessions to the GPA are as well bringing us towards a more global system, just as the modernization of GPA. From the stand of trade policy the impact of regional agreements, autonomous reforms and the policies of multilateral lending institutions in this sector is considerable. Some countries might not opt to join GPA, but other bodies have GPA-like disciplines, for example the South American countries that enter agreements with European countries or regional organisations.

149. There are synergies & complementarities between GPA and other multilateral or plurilateral instruments such as GPA, UNCITRAL Model Law on Procurement, APEC Principles on Government Procurement; the Procurement guidelines of multilateral/regional lending institutions are as well a significant driving force. All of the above emphasize principles of non-discrimination, transparency and fair procedures to maximize value for money and the goal is not to have inconsistencies amongst the instruments. Several instruments are in use.
because they are different in nature: for example GPA, unlike UNICITRAL’s instrument, is not a model for national legislations- it is an international treaty with minimum standards. The instruments are not duplicable, but complimentary.

150. In his concluding remarks, Mr Robert Anderson gave five reasons to follow the WTO’s work on government procurement:

- Importance of procurement regimes for trade, development and “governance”.
- Expanding membership of the GPA; prospect of accession by major developing countries.
- Improved prospects for conclusion of the GPA coverage negotiations; coming into force of the revised GPA text.
- Synergies between GPA; non-trade international governance instruments.
- Broadening implementation of GPA text/principles at the regional level.

151. Finally, the usefulness of mutual feedback in the procurement community, such as the one at the Geneva Meeting was stressed.

152. The Procurement Network appreciated the presentation and stressed the importance of the initiative that could as well be used as guidelines for its procurement materials, manuals, rules and procedures and everyday work. PN Members considered the WTO website on government procurement to be very useful (http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm).

XIV. OVERVIEW OF THE HLCM SECRETARIAT AND THE PN PROJECT PIPELINE

153. Mr Remo Lalli (Secretary of the HLCM and Director of the CEB Secretariat, Geneva Office) presented an overview of the work of HLCM with the help of his colleague Ms Petra ten Hoope Bender (HLCM Secretariat). The presentation may be found in Annex 30.

Update on Projects Presented to HBP Steering Committee

154. Firstly, the Chairperson of the HLCM Procurement Network shared the results of the Harmonization of Business Practices (HBP) Steering Committees (SC) review of the PN project proposals for funding as follows:

1) The redevelopment of the Annual Statistical Report and the General Business Guide, to be led by UNOPS (USD200,820). The SC felt that, amongst others, consultations were needed with the ITC Network to make sure that the approach was sound from an IT point of view before the project could be approved.

2) UNGM Translation in 5 UN Languages, to be led by UNOPS (USD189,580). The SC did not approve this project. They were aware that the Network was doing a UNGM evaluation and if one of the outcomes was to translate UNGM, the proposal could be resubmitted. However, they were worried about precedent this would set with other languages and the feasibility of keeping the translation updated.

3) Increasing access for developing countries through developing information materials and trainings through Chambers of Commerce, to be led by the UN Secretariat
(USD458,875). The SC had concerns regarding sustainability and duplication of work already carried out and funded by donors and the project was not approved. However, the SC recommended further review be made with the UN Secretariat and if relevant, the project could be resubmitted in the context with the HLCM PN overall approach to Business Seminars.

155. The SC was also provided an update on the Vendor Eligibility project, an indication of the process forward was agreed with the HLCM Executive Committee as below:

- An update on the process of the MPF would be provided at the upcoming HLCM meeting.
- The Legal Network would be requested to review the MPF in the following two months and their comments would be circulated to the PN for information and final review as needed.
- The final MPF would be presented to the HLCM at its next meeting (barring no proposed material changes to the MPF by the Legal Network).

**Overview of HLCM Secretariat**

156. The HLCM Secretary commended the work of the Procurement Network because it manages to join into one consistent and unified perspective the need and requirements of the field with the policy perspective of the headquarters. The Network was encouraged to continue its good work. It was stressed that the HLCM especially appreciates the level of initiative of development of projects in procurement and has tried to reciprocate this by providing the visibility and recognition that the Network deserves.

157. It was stressed that the funding context was a very important issue. Funding for the projects comes from donors, and concrete tangible results are expected and not solely analysis of issues. It is important to move from the potential to the actual delivery.

158. In the follow-up, Ms Petra ten Hoope Bender presented the work of the HLCM and its four technical networks: Human Resources, Finance & Budget, ICT and Procurement. The annual meetings take place in March and September each year, addressing all issues of management across the system.

159. The Steering Committee for the Harmonization of Business Practices (HBP) is chaired by the HLCM Vice-Chair with membership from all agencies. It reviews all project proposals from all networks, decides on allocation of funding, receives progress reports and reviews the final project before presentation to HLCM. As explained, it has a reporting responsibility to donors, which are developed countries.

160. The process of approving a project consists of the following steps:

1) Initiative is taken by the Network which develops a project proposal.
2) The Network proposes the project to the HBP Steering Committee for agreement and allocation of funding, with support from CEB Secretariat.
3) The lead agency signs agreements with CEB Secretariat and receives funding.
4) Work is carried out and results reviewed, commented, amended, supported, and endorsed by the Network.
5) Inputs are sought from other Networks as needed.
6) The final product is presented to HBP Steering Committee prior to final endorsement by HLCM.

161. There is currently an urgent need to show results to donors and to start implementing projects.

162. The Procurement Network acknowledged the outcomes of the HBP meeting with regret and agreed to review the way project proposals are prepared, including vetting them with other Networks and within each agency, to ensure they better respond to the expectations of the HLCM.

163. The Procurement Network asked the HLCM CEB Secretariat to see if the HLCM could issue guidance on what should be included in project proposals. The Management Team agreed to review the process for project proposals and provide ideas at the next meeting.

XV. JOINT INSPECTION UNIT (JIU) PROCUREMENT REVIEW

164. Inspector Cihan Terzi (Joint Inspection Unit of the United Nations System) presented the project on the status and way-ahead of procurement reform in the United Nations, which can be found in Annex 31.

165. He explained the background of the project: for the JIU 2010 work programme UNICEF made a proposal regarding the harmonization of procurement policies and practices of UN agencies. During the preparation of JIU work programme this topic got the highest rating from the organizations for inclusion (11 organizations rated procurement as a priority topic). This outcome was not a surprise, given that the United Nations system organizations purchase a large variety of goods and services: during the five years from 2004 to 2008 procurement more than doubled in volume from $ 6.5 billion to $ 13.6 billion.

166. The objective of the study is to assess efficiency, effectiveness, transparency, coherence (harmonization) and coordination of the UN system’s main procurement policies, practices and reform initiatives with a view to identifying potential best practices and areas for improvement in the form of recommendations and to summarize the work of HLCM Procurement Network and the status of its implementation.

167. The main elements of the review are:

- Brief review of the main procurement principles adopted across the system (best value for money, competition, sustainable procurement, black listing, fairness, integrity and transparency, etc.)
- Procurement planning and strategy
- Organization of procurement function i.e. structure, reporting lines, authority and responsibilities
- Structure membership and reporting lines of procurement committees
- Ethics in procurement practices
- Vendor registration and management
• Policy and practices to promote procurement from developing countries
• Lead agency concept
• Knowledge sharing with respect to procurement practices within each organization and among organizations
• Monitoring of procurement practices by senior management and governing body
• UN Common Coding System
• Procurement in the field level particularly in the pilot countries of Delivering as One initiative.
• Sustainable procurement

168. The Inspector acknowledged the broadness of the report’s scope and the limited allocated time (6 months). It was noted that a preliminary desk review identified that the HLCM PN has already undertaken a number of studies regarding some procurement reform issues. In order to avoid duplication, the review would not go into details on issues already identified and current implementation status documented by the Network and will focus rather on policy than implementation issues.

169. The resulting report will provide legislative/governing bodies with a consolidated view of procurement reforms and best ways of implementation in the system with a view to encouraging and speeding up the adoption and implementation of best practices across the system.

170. The JIU informed that a questionnaire will be prepared for transmission to all 25 participating organizations. Interviews with the relevant officials in the main headquarters of the organizations (and possibly some field visits) will be conducted to collect further information and discuss findings and possible good practices. The responses will be analysed and results included in the report as appropriate. It was stressed that the degree of cooperation by the organizations will shape the final scope and depth of the study.

171. The JIU agreed at the suggestion of the Procurement Network that the ‘lead agency’ concept should be replaced by ‘inter-agency cooperation’ because of the different statuses of the UN agencies in different parts of the world, different financial regulations etc. For this reason, it is not possible that one agency does all the purchases, but it can use the methods and best practices that have been developed by other agencies and agencies can to joint procurement including based on their expertise.

172. The Procurement Network acknowledged the JIU work on this challenging task and stressed the importance of working together and ‘speaking the same language’ while working towards the same objective- to operate in an effective and efficient manner. The PN agreed that elements of the study will be useful to the Network and pledged their support to deliver the questionnaires in a timely manner and cooperate through the interviews.
XVI. STRATEGIC FOWARD PLANNING SESSION

173. The Vice-Chairperson presented the methodology of the Strategic Forward Planning Session (SFP). The objective was to identify and prioritise strategic issues that the HLCM PN should include on its agenda in the mid-term, i.e. 2-3 years.

174. The participants were asked to form five groups. Guided by facilitators, group members were asked to brainstorm and write down their ideas for strategic issues on cards. After that, the cards were posted on the board, grouped together according to their topics and the topics were voted on and prioritised. The group was asked to indicate whether topics should be handled by an existing working group, new working group or project team. The top 3-10 topics were then presented to the plenary. It was explained that the outcome would not preclude the PN from responding to other topics that may be identified in the immediate future, but the outcome would serve as the main roadmap.

175. The first group was of the opinion that the most important issue was the measuring, monitoring and reporting of procurement outcomes and performance, which should be done ideally through a new working group. The second priority were human resources issues, ideally led by the Professionalization Working Group or a sub-group of the Harmonisation Working Group. The importance of standardised training for staff (with communication executed through the PN Secretariat) and the completion of the started job profiles were raised. On rank three there were two topics, one dealing with sourcing, taking inspiration from the sharing of practices session but as well including UN corporate agreements and the other with procurement as a developing tool. In the end, e-tendering was as well presented as an important issue as there was a growing interest to know what is happening, trying to share more up-to-date information.

176. The second group presented as its first priority the issue of procurement as a supply chain strategy. It was felt that the Network should work towards a strategic approach to the procurement of common user items and that consequently, an integrated procurement and supply chain strategy in a form of a roadmap for the future was needed. Ideally, this would be the task of a new working group, while the issue of the grouping of common user items could be done in other ways as well. The next priority was integrated performance management, with highlights on professionalization and learning. Currently, there are only two agencies working on this and the opinion of the group was people should be challenged to qualify and that a dedicated project should be started. The third priority was to elevate procurement to a strategic level through the implementation of best practices. It was suggested that the Management Team could take a lead on this.

177. The third group stressed as its most important priority the need for collaborative procurement at the Procurement Network level. The upgrade from IAPWG to HLCM PN made the group focus mostly on policy and strategy issues and the wish was expressed to strive to fill the void left by the dissolution of IAPSO and to carry out more common procurement activities of general interest. The proposal was made to create a special ‘mechanism’ to enable procurement activities to be carried out together in a more formal manner than at the moment. The second-ranked priorities for the group were work on harmonisation, with a focus on the regulatory framework and further development of UNGM. Professionalization came up as a third priority and they felt that in spite of the debates on the future of the Working Group, the issue was still there and it should be tackled.
The fourth group identified harmonisation as its main priority, work that should be naturally undertaken by the Harmonisation Working Group. A need for both a top-down approach, (e.g. the development of common policies, user guides, review committees etc.) and a bottom-up approach (e.g. defining protocols for joint procurement as with the agencies in Rome and Geneva) was emphasised. In addition, the need for more practical joint procurement activities such as cargo insurance was reiterated. The next priority on the group’s list was the issue of human resources, especially the need for a common certification for procurement. It was felt that if this will not be tackled within the existing Working Group on Professionalization, an alternative has to be found. The third priority was identified as the screening and evaluation of vendors through UNGM. It was suggested that this could be centralised through a dedicated team, so that it is not necessary for every agency to do it independently, as it takes up considerable resources. This would especially useful for commonly procured items.

The fifth group presented as its top priority the knowledge sharing in the Network, especially in the light of risk mitigation and sharing of best practices. The group also felt that it is important to come well-prepared to the PN meetings in order to maximise the level of knowledge exchange. As in many other groups, high priority was given to the topic of common inter-agency procurement, which could be implemented through the Harmonisation Working Group. Sustainable procurement was identified as the third priority topic. Another priority topic was the external and internal communication of HLCM PN members.

Susan Struck (UNICEF) shortly summarised common issues arising from the five groups. It was noted that there were several proposals for the establishment of new working groups, dedicated to topics such as: measuring of procurement outcomes and KPI, procurement of motor vehicles and/or common user items, sourcing, supply chain management etc. As well, there was the proposal to establish two mechanisms, one concerning screening and evaluation of vendors and the other for collaborative procurement.

It was noted that all groups identified the sustainability element to be important in their work.

The outcomes of the SFP can be found in Annex 32.

National Procurement Systems

It was noted that the topic of National Procurement Systems did not feature in the priority lists of any of the five groups, suggesting that the issue was not as relevant to Procurement Network members as to UNDG/DOCO.

Several members felt that the Procurement Network should better keep its focus on its current agenda of aligning business practices at a corporate level rather than scattering its scarce resources by trying to support all the different country offices in harmonising their procurement. Amongst others, WHO, ILO, UNRWA and UNHCR supported this assessment.

IAEA suggested that the project should perhaps be undertaken by someone else as the Procurement Network is collectively not an expert in this area - the members were experts in UN procurement and not in national procurement systems.

UNRWA objected to developing and/or supporting the National Procurement Agencies due to relevant political and local ethical reasons. As well, the project was seen as a distraction to the
Network’s work and it was suggested that UN DOCO might consider doing this bilaterally with, for example, UNDP.

187. It was agreed by the Procurement Network members that this topic was of limited interest to the group and therefore it would not be further pursued at the moment.

Working Group on Professionalization

188. During the session on the Working Group, two options for the future of the Group were presented. The outcomes of the prioritisation exercise confirmed the interest of the Procurement Network in continuing the work of the Working Group on Professionalization. As a consequence, the Network tasked the Management Team to review the scope of work of the Working Group and its membership. The results of this review will be presented at the next Procurement Network meeting.

Closing of the Strategic Forward Planning Session

189. The Vice-Chairperson thanked all the groups and members for their excellent work in shaping the proposals for the strategic objectives.

190. The outcome of the Strategic Forward Planning Session was the final list of topics in Annex X. The Procurement Network endorsed the list in principle.

191. The Procurement Network Management Team and Secretariat agreed to review the final lists for incorporation into work plans, timelines and future agenda items. Special consideration will be given to topics concerning the potential formation of a new Working Group, for which a working plan has to be proposed and the future of the Working Group on Professionalization.

XVII. OUTSTANDING ISSUES AND CLOSING

192. Before closing the meeting, the Vice-Chair briefly recapitulated the outcomes of the different sessions and pledged once again the commitment of the Management Team and the Secretariat to work with Network members on defining the mid-term strategic objectives of the Procurement Network.

193. In response to a request for Expressions of Interest, the following three agencies proposed to host the next HLCM PN meeting:

- Food and Agricultural Organization (FAO) in Rome, Italy;
- UN World Tourism Organization (UNWTO) in Madrid, Spain; and
- African Development Bank (AfDB) in Tunis, Tunisia.

194. The Procurement Network welcomed these generous offers. After discussion, it was agreed that the next meeting will take place at UNWTO in Madrid, Spain in compliance with the Procurement Network’s commitment to meet the criteria of selecting venues in line with its carbon neutral guidelines.
195. It was decided that the FAO and AfDB will be given the opportunity to host one of the next meetings, subject to timely confirmation by the HLCM PN.

196. The members of the Procurement Network were thanked for their useful contributions throughout the meeting.

197. The Management Team and the HLCM PN Secretariat were thanked for the organization and leadership before and throughout the meeting. WHO was especially thanked for their excellent hospitality.