

HLCM Procurement Network Procurement Process and Practice Harmonization in Support of Field Operations, Phase II

Introduction

This Project proposal has been prepared by the HLCM Procurement Network (PN) Working Group on Harmonization¹ for consideration by HLCM's Harmonisation of Business Processes (HBP) Steering Committee.

The HLCM Procurement Network endorsed this proposal in May 2012.

Project Objectives

This Project proposal emphasizes the continued implementation of the deliverables of the Project, Phase I. The specific objectives are to:

- Facilitate the implementation and use of the modalities of the document 'Common UN Procurement at the Country Level' to a total of 10 countries², including the collection of quantitative evidence of the benefits achieved through the application of these modalities of common procurement and the harmonization of related business practices (Phase II)
- Use the experience gained and the feedback collected through the roll-out and implementation of the modalities of common UN Procurement to:
 - continue to improve and align the modalities to reflect progress achieved in HQ harmonization of business practices;
 - develop additional tools in response to needs identified at the country-level for further harmonization of business practices; and
 - simplify the application of these tools at the country level (Phase II)
- Revise the contents, structure and technological platform of the Procurement Practitioner's Handbook (Phase II)³

¹ The Working Group on Harmonization has been responsible for the successful implementation of the project "Procurement Process and Practice Harmonization in Support of Field Operations", which is referred to as the project, phase I, within this document.

² Including pilot missions carried out during the project, phase I. Countries will be selected based on a range of indicators, inter alia procurement volume, current UNDAF preparations, etc.

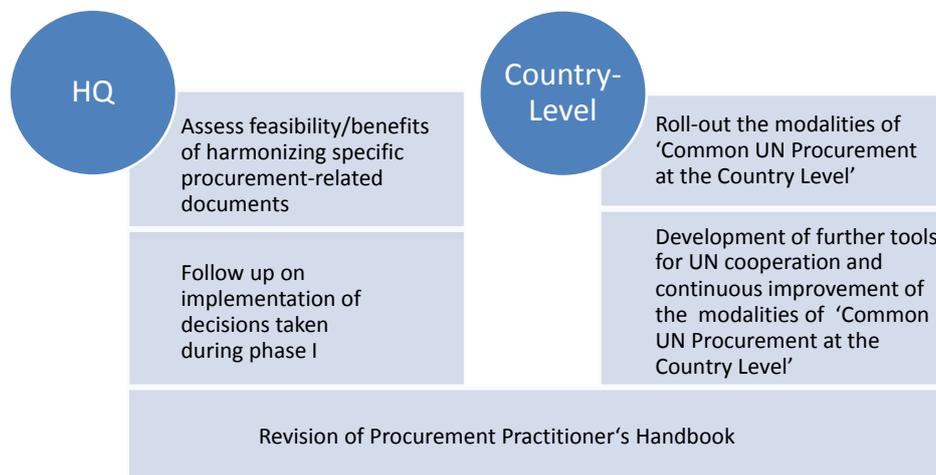
³ The UN Procurement Practitioner's Handbook has been prepared by the "Common Procurement Certification Scheme for the United Nations (UN)" project Task Force and Steering Committee in 2006. This Handbook is based on a number of UN publications and documented practices, e.g. UN Procurement Competence Baseline; Common Guidelines for Procurement in the UN System; existing procurement manuals among the various UN organizations; known procurement practices in the UN system of organizations; and third party literature on procurement in the public sector. It is accessible through a number of websites, e.g. here: <https://www.ungm.org/Learning/Handbook.aspx> (UNGM Login required)

- Assess the feasibility and benefits of harmonizing standard solicitation documents, model contract templates and general terms and conditions of UN organizations (Phase II)⁴
- Follow-up on implementation of decisions made by the HLCM PN during Phase I of the project (Phase II)⁵

Project Purpose

Phase II of the Project has both an HQ and a country-level component. The HQ component targets improving the harmonization of the interface that (potential) suppliers have with the organizations of the UN System. This component complements other related initiatives currently being undertaken by the Procurement Network.⁶ This component also establishes the foundation for further progress on country-level harmonization of business practices.⁷

The country-level component continues the efforts initiated during Phase I of the Harmonization Project and supports country offices in their efforts to harmonize business practices. This component will improve the effectiveness of UN cooperation in procurement at the country level.



Expected Benefits

The expected benefits include:

- More effective and efficient cooperation in procurement among UN organizations both at country level and HQ level
- Cost savings and better economies of scale in certain product and service categories due to improved and increased cooperation in procurement at the country level
- Better value for money, improved service from suppliers and better contract terms due to improved and increased cooperation in procurement at the country level

⁴ This activity will, together with the planned project on the "Vendor Registration Reform", contribute to the development of a harmonized interface between suppliers and UN organizations. Thus, the ease with which potential suppliers can "do business" with the organizations of the UN system can be improved.

⁵ The details of these decisions are outlined in the Annex.

⁶ Including the "Vendor Registration Reform" project which is not part of this proposal.

⁷ Cf. also the report on the "Independent Evaluation of the Lessons Learned from Delivering as One"

- (iv) Reduced administrative costs by eliminating duplication of tasks
- (v) Improved inter-agency mobility of staff
- (vi) Improved opportunities for common training initiatives
- (vii) Harmonized interface between organizations of the UN system with (potential) suppliers
- (viii) Improved image of the UN System to external stakeholders (suppliers, donors, governments, etc.)
- (ix) Increased opportunities for further collaboration due to harmonization of some elements of the legal framework underlying procurement transactions

Background

The HLCM commissioned the Project “Procurement Process and Practice Harmonization in Support of Field Operations” (within this document referred to as the Project, Phase I) to:

- (1) Create a common framework for harmonization of procurement related regulations, rules, policies, procedures and business practices
- (2) Document and include country level outcomes and best practices in procurement in collaboration with the UNDG Task Team on Common Services and procurement in (selected) countries
- (3) Develop a standardized procurement toolkit for country level procurement practitioners taking into account the best practices, needs and insights from the country level.

The insights gained and the results achieved during the Project, Phase I, motivate the extension of the project with similar objectives and adapted methodologies. Two components to Phase II are proposed: A country-level and an HQ-oriented component. The HQ-oriented component continues the activities undertaken in relation to objective (1) above and extends activities directed to developing a harmonized framework to certain documents such as standard solicitation documents, model contracts, and general terms and conditions. The objective is to achieve a harmonized interface with (potential) suppliers. This component is in line with the findings of recent high-level reports such as the ‘Independent Evaluation of the Lessons Learned from Delivering as One’ which stresses that further HQ reform is required to enable and facilitate harmonization of business practices and reduction of transaction costs at the country-level.

The country-level component of Phase II is a logical continuation of the progress made in Phase I towards objectives (2) and (3) above. Realizing that UNCT support and appropriate guidance is crucial for progress in UN cooperation in procurement at the country level, the roll-out of the modalities of ‘Common UN Procurement at the Country Level’ is proposed to be scaled up, ensuring full UNCT support. The larger scale roll-out also serves the collection of quantitative evidence of the benefits of UN cooperation in procurement. Furthermore, the developed materials (the modalities of common UN procurement and all associated tools and training materials) will be assessed and continuously improved.

Depending on the outcomes of the assessments of the feasibility of harmonization of certain documents in Phase II, a further proposal may be submitted to the HLCM in due course.

	Activity	Duration
Phase I	Procurement Process and Practice Harmonization in support of field operations: Create a common framework for harmonization, develop a toolkit, and assess country level outcomes	18 months (May 2011 – Nov 2012)
Phase II	Procurement Process and Practice Harmonization in support of field operations: Scale up implementation of the modalities of common procurement, assess harmonization of specific procurement-related documents, revise Procurement Practitioner’s Handbook, follow-up on implementation of decisions of earlier project phases	12 months (Dec 2012 – Nov 2013)
Phase III (tbd)	Procurement Process and Practice Harmonization in support of field operations: Harmonization of specific documents, follow-up on implementation of decisions of earlier project phases	tbd (Nov 2013 –)

It should be noted that the above phases are independent activities. Phase I will have been completed by November 2012 and has been funded by the HLCM. In this proposal, funding for Phase II is sought. Based on the outcomes of Phase II, in particular outputs of the assessment carried out on specific procurement-related documents, an additional funding request may be submitted to the HLCM.

Proposed Activities and Outputs

Phase II: Procurement Process and Practice Harmonization in support of field operations: Scale up the roll-out of the modalities of common procurement, assess harmonization of specific documents, revise Procurement Practitioner’s Handbook, follow-up on implementation of decisions of earlier project phases

Activity 1: Scale-up of roll-out of the modalities of ‘Common UN Procurement at the Country Level’

- Identify countries interested in hosting workshops on the modalities of ‘Common UN Procurement at the Country Level’ (in coordination and collaboration with DOCO)
- Prepare workshops including required materials, team, timing, administration, preparation of participants, coordination with country-level focal points etc.
- Conduct workshops on UN cooperation and the modalities of ‘Common UN Procurement at the Country Level’ in a total of 10 countries with all relevant members of the Operations Management Team (OMT) and/or the local working group on common procurement
- Identify dedicated focal points for “UN Cooperation” and the modalities of “Common UN Procurement at the Country Level” in each UN organization – both at the HQ level and at the field level as applicable to each organization – to guarantee HQ support to the country-level workshops

- Formally evaluate the effectiveness of the workshops and the training materials used and use the feedback to continuously improve the materials (e.g. the modalities of common UN procurement, tools, trainings)
- Continue to evaluate the user-friendliness and relevance of the modalities of 'Common UN Procurement at the Country Level' through these workshops and other sources
- Use the feedback collected to further revise and edit the modalities of 'Common UN Procurement at the Country Level' and submit relevant revisions to the HLCM Procurement Network and the HLCM
- Assess each workshop ex-post on the impact achieved and to measure improvements in UN cooperation in procurement at the country level
- Facilitate relevant trainings of the UNSSC on UN cooperation in procurement targeted at operations managers (e.g. Operations Management Skills training, Advanced Business Operations training), conducted at a regional or global level

Output 1:

- ✓ The modalities of 'Common UN Procurement at the Country Level' are used as the standard operation procedure when undertaking common UN procurement in a total of 10 countries
- ✓ The modalities of 'Common UN Procurement at the Country Level' are further revised and aligned to progress achieved in HQ harmonization of business practices and further editions of the modalities of common UN procurement are approved by the HLCM Procurement Network
- ✓ The training materials (and other associated tools, templates, forms, etc.) supporting the modalities of 'Common UN Procurement at the Country Level' are continuously developed

Activity 2: Revision of Procurement Practitioner's Handbook

- Review the existing Procurement Practitioner's Handbook and develop a concept note for the revision of the content, using the procurement manuals of other UN organizations
- Liaise with other relevant stakeholders, e.g. chairs of other working groups under the HLCM PN during the development of both the content and the technological platform of the Procurement Practitioner's Handbook
- Include a chapter on UN cooperation and the developed Common UN Glossary of Terms (Phase I of the Project) in the Procurement Practitioner's Handbook
- Assess the inclusion of parts of the revised Procurement Practitioner's Handbook into the procurement training and certification programmes of each UN organization
- Develop requirements for a new technological platform to facilitate future revision of the Procurement Practitioner's Handbook
- Develop the agreed new technological platform for the Procurement Practitioner's Handbook
- Move the existing Procurement Practitioner's Handbook to the new platform and issue the revised Procurement Practitioner's Handbook

Output 2:

- ✓ The content of the Procurement Practitioner’s Handbook is revised taking into account all relevant stakeholders’ input
- ✓ The Procurement Practitioner’s Handbook has been put onto a new technological platform aligned with current good IT practices

Activity 3: Assessment of feasibility of harmonization of standard solicitation documents, model contract templates and general terms and conditions

- Collection of UN System organizations’ standard solicitation documents, model contract templates and general terms and conditions
- Comparative analysis of UN System organizations’ standard solicitation documents, model contract templates and general terms and conditions
- Liaise with all relevant stakeholders to assess the feasibility of the harmonization of standard solicitation documents, model contract templates and general terms and conditions including the mandate required, time frame, budget etc.

Output 3:

- ✓ Report on the feasibility of the harmonization of the standard solicitation documents of the UN System organizations, including a detailed project implementation plan
- ✓ Report on the feasibility of the harmonization of the model contract templates of the UN System organizations, including a detailed project implementation plan
- ✓ Report on the feasibility of the harmonization of the general terms and conditions of the UN System organizations, including a detailed project implementation plan

Activity 4: Follow-up on implementation of decisions taken during Phase I of the Project

- Coordinate with all relevant stakeholder, in particular members of the HLCM Procurement Network, to follow up on the status of implementation of the decisions taken during Phase I of the Project
- Support organizations as appropriate in the implementation of the decisions
- Repeat the survey(s) on UN cooperation at the country level conducted during Phase I of the Project in order to assess progress achieved through this Project and to measure benefits achieved through UN cooperation in procurement
- Liaise with other stakeholders (e.g. UNDG, DOCO) to debrief on the findings of the survey on UN cooperation in procurement to inform relevant work plans

Output 4:

- ✓ Regular reports on the status of implementation to the HLCM and HLCM PN
- ✓ Final report on the survey on UN cooperation in procurement

Possible Phase III: Procurement Process and Practice Harmonization in support of field operations: Harmonization of specific documents, follow-up on implementation of decisions of earlier project phases

- The details of a possible Phase III depend on the outcomes of the analytical activities in Phase II, in particular as regards the required timeframe and mandate. Both Phase II and Phase III will contribute to the General Assembly’s call to continue to harmonize and

simplify the UN Organizations' rules and procedures, wherever this can lead to a reduction in the administrative and procedural burden on the organizations and national partners⁸

Responsibilities

This proposal has been endorsed by a large number of members of the Procurement Network. The following organizations of the UN System, representing more than 95% of the overall UN procurement volume, have endorsed this proposal: CTBTO, FAO, IAEA, IFAD, ILO, ITU, PAHO, UNAIDS, UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UNPD, UNRWA, WFP, WHO, WIPO, and WMO.

The Project, Phase II, will be coordinated by UNICEF. The Working Group members will commit with a representative from each organization, provide strategic direction to the project, monitor delivery of milestones etc. as well as ensure support for the Project within their organizations and serve as champions and multipliers within their organizations. It is expected that these activities will create on average a workload of one day per month.

Additionally, the team conducting the workshops will consist of two staff members, i.e. the Procurement Specialist and a representative from Working Group member organizations or a training specialist.⁹ This will ensure that all organizations from the Working Group are sufficiently integrated in the roll-out and that country-level findings are efficiently fed back into Headquarters.

Expected Outcomes and Success Indicators

Many of the Project outcomes are articulated in the Expected Benefits section above. The main success indicators would include the following:

- Workshops on UN cooperation in procurement and the modalities of 'Common UN Procurement at the Country Level' conducted in a total of 10 countries¹⁰
- Increased number and use of established shared LTAs at the country-level
- Increased number of LTAs/contracts available for use and used by other UN organizations
- Increased use of the options for UN cooperation as outlined in the modalities of 'Common UN Procurement at the Country Level'
- New edition of the Procurement Practitioner's Handbook issued on a new technological platform
- Feasibility of harmonization of standard solicitation documents, model contract templates and general terms and conditions assessed
- Substantial progress on the implementation of the decisions taken during Phase I of the Project achieved

⁸ Cf. A/RES/62/208: Triennial comprehensive policy review of operational activities for development of the United Nations system

⁹ Final composition of team to be determined ascertaining that the team has all skills and knowledge required to successfully conduct the workshops.

¹⁰ See Footnote 2.

Timelines, Resources and Costs

The experience gained during Phase I of this Project indicates that it is most beneficial to implement its activities relying on regular staff members. Therefore, it is suggested to hire staff members for the duration of the Project to direct and support its implementation. Additional to the project management and coordination resources for which funding is sought here, each organization of the HLCM Procurement Network will nominate an experienced staff member as a representative to participate in this Project. These staff members will contribute with an average of one working day per month to this Project (not chargeable to the project).

Resource	Duration	Cost, USD
Project Manager / Procurement Specialist (P-4)	12 months	200,000
Training Specialist	4 months	40,000
Project Assistant (GS-5)	12 months	85,000
IT Development	60 days	36,000
IT, Software, Hardware, Equipment		5,000
Travel and DSA ¹¹		60,000
Total Programmable Amount		426,000
Agency fee (7%)		29,820
Grand Total		455,820

Risks

- Risk 1: The success of this Project is contingent on UN organizations providing internal support, both at the HQ-level through participation in the project meetings as well as at the country level through the support, availability and participation of UN organization procurement staff in the workshops (for strategies how to mitigate this risk, see Annex 2)
- Risk 2: The success of this Project is also contingent on UN organizations cooperating effectively, including their buy-in to develop and implement harmonized documents
- Risk 3: The Project hinges on the successful recruitment of an experienced project manager (procurement specialist), who can effectively build relationships with multiple stakeholders and UN organizations
- Risk 4: The Project is dependent on the interest and demand from country offices for the workshops on UN cooperation in procurement and the modalities of 'Common UN Procurement at the Country Level'

¹¹ On the assumption that the incumbents will not use their full travel entitlements (likely to be business class for most trips) but revert to economy class tickets and that the training will be conducted by two people only (as opposed to the pilot missions carried out in Phase I which were conducted by a team of four members).

Annex 1

Overview of decisions taken by the HLCCM Procurement Network during Phase I of the Project (until May 2012)

Source	Decision
CEB/2011/HLCCM_PN/10, September 2011	The Procurement Network recognises the need to adopt guidance on cooperation among UN entities at all relevant levels of its member entities' regulatory framework.
CEB/2011/HLCCM_PN/10, September 2011	The Procurement Network recommends to its members to integrate the presented issues on Cooperation with UN entities, Long-Term Agreement/Framework Agreement/System Contracts, No restrictions when cooperating, and Conducting procurement on behalf of other UN entities into their entity-specific procurement manuals based on the template texts provided.
CEB/2011/HLCCM_PN/10, September 2011	The Procurement Network recommends to its members to specify the conditions under which a secondary procurement review may be waived, e.g. when cooperating with other UN entities through Joint Solicitation, Re-Use of another UN entity tender result, UN-Entity Contract or Agreement and Procurement from a UN Entity, while ensuring appropriate internal control.
CEB/2012/HLCCM_PN/11, March 2012	The PN recommends its members to use, consistent with their regulations and rules, the modalities of the "Common UN Procurement at the Country Level" in their organisation-specific operational framework and to encourage organisations to apply them.
CEB/2012/HLCCM_PN/11, March 2012	The Network endorsed the developed standardised table of contents for UN procurement manuals and recommended its members to adopt the standardised table of contents in their procurement manuals over time and as appropriate.

Annex 2

Overview of options for mitigation of Risk 1 of the Harmonization Project, Phase II

Options	Description	Assessment	Implications
Status Quo	<ul style="list-style-type: none"> No changes to the activities, the methodology or the proposal. The proposal is in the process of being endorsed by the Procurement Network and will be submitted to the HBP Steering Committee for its meeting in early June Risk will be mitigated at a later point in time through efforts of the WG Harmonization and/or a discussion about this risk at the upcoming Procurement Network meeting in September 2012 in Montreal 	<ul style="list-style-type: none"> No clear risk mitigation Risk mitigation dependent on discussion at the Procurement Network meeting 	<ul style="list-style-type: none"> No changes to the project proposal No changes to the proposed budget
Introduction of roster	<ul style="list-style-type: none"> No changes to the activities, the methodology or the proposal. The proposal is in the process of being endorsed by the Procurement Network and will be submitted to the HBP Steering Committee for its meeting in early June Risk will be mitigated through the establishment of a roster of mission team members, e.g. by assigning specific organizations to potentially dedicate one mission member if a mission takes place during a specific period. This roster is to be endorsed by the Procurement Network at the upcoming Procurement Network meeting in September 2012 in Montreal 	<ul style="list-style-type: none"> Risk mitigated but dependent on firm commitment of organizations Burden is shared by all organizations, mission is clearly an inter-agency effort Continuity of the mission team members is not guaranteed 	<ul style="list-style-type: none"> No changes to the project proposal No changes to the proposed budget
Change of team composition	<ul style="list-style-type: none"> Missions are carried out entirely by the Harmonization Project team No changes to the activities, the methodology or the proposal. The proposal is in the process of being endorsed by the Procurement Network and will be submitted to the HBP Steering Committee for its meeting in early June Risk will be mitigated through dedicating the Project Assistant as a fixed team member on the missions. Hence, the mission would be led by the Procurement Specialist and the data analysis and live mission support would be carried out by the Project Assistant. 	<ul style="list-style-type: none"> Clear risk mitigation Effect on the sourcing of a suitable candidate for the Project Assistant and possible (minor) impact on the budget, e.g. GS-6/7 instead of GS-5 Mission may not be perceived as a clear inter-agency effort anymore 	<ul style="list-style-type: none"> No changes to the project proposal No or minor changes to the proposed budget This option could be combined with some of the other options

Options	Description	Assessment	Implications
Change of number of activities	<ul style="list-style-type: none"> Scaling down of number of missions The proposal will be changed to include less missions than currently planned 	<ul style="list-style-type: none"> Weak risk mitigation: Somewhat less resources required from the organizations, therefore lowered risk Less outcomes can be achieved Burden is shared by all organizations, mission is clearly an inter-agency effort Continuity of the mission team members is not guaranteed 	<ul style="list-style-type: none"> Changes to the project proposal required Possible changes to the proposed budget (required budget may be lower) This option could be combined with some of the other options Requires change to proposal!
Change of methodology	<ul style="list-style-type: none"> No field missions but webinars instead The methodology described in the proposal will be changed. Instead of having on-the-ground missions, the roll-out of the guidelines on 'Common UN Procurement at the Country Level' will be conducted through webinars 	<ul style="list-style-type: none"> Clear risk mitigation: Considerably less resources required from the organizations and still considered inter-agency efforts through co-facilitators from various UN organizations Significant change in the methodology, meaning that some of the lessons learnt during Phase I cannot be carried over and a major rework of the material developed in Phase I will be required 	<ul style="list-style-type: none"> Changes to the project proposal required but no changes to the budget This option could be combined with some of the other options Requires change to proposal!
Change of responsibility	<ul style="list-style-type: none"> The responsibility for the missions is separated from the other activities. DOCO takes over the responsibility of carrying out the missions. The proposal will be reworked to present a joint funding proposal from DOCO and the Procurement Network. Additional resources for carrying out the missions will be included and located at DOCO 	<ul style="list-style-type: none"> Clear risk mitigation and clear division of responsibilities Signification impact on the project budget due to another position at DOCO Further strengthening of the ties between the PN and DOCO 	<ul style="list-style-type: none"> Significant changes to the project proposal and the budget required including coordination of new draft of proposal with DOCO Requires change to proposal!