



## Summary of Conclusions of the Twentieth Session of the High Level Committee on Management's Procurement Network (HLCM PN)

UNFCCC, Bonn – 12-14 October 2016

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## INTRODUCTION

*Documentation:*      [List of participants](#)  
                                 [Annotated Agenda](#)  
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1. The 20<sup>th</sup> session of the High Level Committee on Management's Procurement Network (HLCM PN) was hosted by the United Nations Framework Convention on Climate Change (UNFCCC) in Bonn on 12-14 October 2016, under the Chairmanship of Ms. Neris Baez Garcia de Mazzora (Director, Procurement Services, IAEA) with the support of the Vice-Chairperson, Mr. Eric Dupont (Chief, Procurement Services Branch, UNFPA), and the Advisory Chairperson, Mr. Dominic Grace (Director, Sourcing & Operations, UNDP). The incumbents of these three positions form the Management Board of the HLCM PN.
2. The meeting was attended by 42 colleagues representing 29 of the 40 organisations registered as members of the HLCM PN.
3. The meeting followed the format of three working days with closed meetings and discussions for PN members around an agreed agenda. In addition, there were separate sessions held for the UNGM Membership and the Collaborative Vehicle Procurement & Fleet Management Project Group on two of the afternoons.
4. The agenda adopted by the PN members is reflected in the table of contents and in the Summary Agenda. All documents<sup>1</sup> related to the meeting are available on the PN Workspace on [www.ungm.org](http://www.ungm.org).
5. Mr. Richard Kinley (Deputy Executive Secretary, UNFCCC) opened the meeting by welcoming the PN members to the UN's historic premises in Bonn, which are home to several organisations that have sustainability as a common theme. He highlighted the importance of the procurement function in contributing to the sustainability agenda and wished PN members productive and rewarding deliberations.
6. The PN Chairperson also welcomed the participants to the meeting. She acknowledged that the PN has been successful in improving the efficiency and effectiveness of the procurement function of the UN through collaborative arrangements, simplification & harmonisation of procurement practices, and by fostering professionalism amongst staff responsible for procurement. Despite the challenges that exist, the PN has demonstrated its ability to successfully implement initiatives that deliver on the HLCM mandate, and that ultimately make a significant difference to those that the UN serves. In conclusion, the Chair welcomed new UN organisation, IOM, to the PN, as well as new representatives from ITU, UNICEF, WMO, OPCW and OSCE.
7. The Vice-Chairperson provided PN members with some historical and general facts about the city of Bonn, which is not only the birthplace of Beethoven, but was the Capital of West Germany from 1949-1991.
8. The opening session also included a round of introductions by all participants.

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<sup>1</sup> All documents and presentations can also be obtained from the HLCM PN Secretariat on [kerry.kassow@undp.org](mailto:kerry.kassow@undp.org)

## **I. AN OVERVIEW OF THE HLCM PROCUREMENT NETWORK**

**Documentation:**     [Summary Sheet - An Overview of the HLCM PN](#)  
                                 [Presentation - An Overview of the HLCM PN](#)

9. The PN Secretariat, Ms. Kerry Kassow (UNDP), provided a brief overview of the network, in particular the working groups and current projects – how they are managed, their main objectives, etc.

## **II. PROCEDURE FOR ASSOCIATED MEMBERSHIP OF THE HLCM PN**

**Documentation:**     [Summary Sheet - Procedure for Associated Membership of the HLCM PN](#)  
                                 [Presentation - Procedure for Associated Membership of the HLCM PN](#)

10. Further to discussions at the PN meeting in April 2016, the PN Management Board was tasked with drafting a simple protocol to manage requests from external organisations seeking Associated Membership to the HLCM PN. In accordance with this request, the PN Chair presented a draft procedure for endorsement with a view to having it incorporated into the PN Statutes.
11. According to the proposed procedure, the requesting Organisation shall submit basic information concerning its activities, values, acceptance of various PN procedures, etc., for review by the PN Board and Membership. PN members would then vote on whether or not to accept the Organisation's request at its subsequent meeting.
12. It was agreed that the following should be considered and/or defined before the new procedure is endorsed:
  - the type of Organisations eligible for inclusion in the PN
  - expectations with regards to participation in PN meetings, Working Groups, etc.
  - how a decision on membership can be reversed, if necessary
  - the overall maximum membership capacity of the PN
  - whether an existing PN Member Organisation with a competing mandate, or such like, can veto the acceptance of a new Associated Member.
13. Based on the above feedback, the PN Management Board will request further input from the membership, revise the draft procedure for Associated Membership, including additional guidance, and submit it for decision at the next PN meeting. Once endorsed, the procedure will be incorporated into the PN Statutes.

## **III. UNGM STRATEGIC ENHANCEMENT PROJECT UPDATE**

**Documentation:**     [Summary Sheet - UNGM Strategic Enhancement Project](#)  
                                 [Presentation - UNGM Strategic Enhancement Project](#)  
                                 [Demo - Newly Developed UNGM Functionalities](#)

14. Following the successful implementation of the UNGM Vendor Registration Reform Project and the first phase of the UNGM Strategic Enhancement Project (Version 2.0), funded by the HBP Trust Fund of the HLCM, the second phase of the Strategic Enhancement project (Version 3.0) was initiated using UNGM Reserve Funds. The Project

Coordinator, Mr. Kiyohiro Mitsui (UN/PD), provided the PN with an update on Version 3.0 development activities, which are expected to be largely completed by the end of 2016. Project deliverables have been as follows:

- a) Development of Individual Consultant registration functionality
  - b) Adapting the UNGM to become an information-sharing system for fraudulent Implementing Partners (to be implemented subject to the decision of the HLCM Task Force<sup>2</sup>)
  - c) Development of a Chamber of Commerce/Institutional Organisation portal
  - d) Refactoring and fine-tuning of the system
  - e) Project evaluation
15. As this project is nearing conclusion, a number of other activities have been identified for implementation. In addition, new proposals will be developed and presented to the UNGM membership for decision.
16. One activity which will take place shortly is the development and UNGM integration of the procurement portal for the Brazil Country Office. The background of this initiative was clarified; it emerged that the proposed portal had many synergies with the UNGM and it was decided that it would make more sense to adapt the specifications for the portal to allow for integration with the UNGM. UNGM may be asked to undertake the necessary development work. This course of action is aligned with the GA resolution calling for one UN portal for vendor registrations, which the UNGM has been configured to support under the HLCM-funded UNGM Strategic Enhancement Project, Version 2.0. Similar work is taking place with the Tanzania Country Office. An added advantage is that once the functionality has been built for one Country Office, it can easily be replicated in others.
17. The concept of adapting UNGM to become a tool for sharing information on fraudulent Implementing Partners was also discussed, although this will be subject to the decision of the HLCM Task Force that has been established to address the overarching matter. An underlying issue is that UN organisations (as well as the IFIs) have different approaches to working with Implementing Partners; for most organisations contracting with them is not handled as a procurement process but is a programmatic issue. Outside of procurement, there is little knowledge of the UNGM, therefore if the UNGM is to be used to provide information on fraudulent Implementing Partners, there would need to be a coordinated effort to ensure that all parties use it.
18. It was reminded that the UNGM can be integrated with the ERPs and e-procurement systems of UN organisations through the new WebAPIs that were developed under the UNGM Strategic Enhancement Project, Version 2.0, thus greatly reducing duplication of data entry. During the development of this component, much ground work was carried out to ensure that data fields between systems would be as closely aligned as possible.
19. Following the above discussions, the UNGM Programme Manager, Mr. Niels Ramm (UNOPS), delivered a comprehensive demo of the newly developed UNGM functionalities, which encompassed: Individual Consultant registration; the Chamber of Commerce/Institutional Organisation portal; new Annual Statistical Report pages; and the new flagging system for ineligible/poor performing vendors.

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<sup>2</sup> Task Force on Common Definitions Related to Fraud and Implementing Partners

20. It was confirmed that it is possible to add a gender field to the UNGM Individual Consultant and Vendor registration modules in order to facilitate data gathering on gender in the future.
21. In the interest of fairness, some PN members expressed reservations about the Chambers of Commerce having the right to select vendors/products for inclusion in the 'Innovation Corner' on the UNGM. It was then clarified that while the basic functionality for the area has been built, there yet needs to be a wider discussion and agreement on how exactly it will work in practice.
22. It was remarked that as the UNGM has expanded, it has become increasingly complex to navigate. It was requested that the search function, dashboard etc. be improved upon in order to address this issue.

#### **IV. STRATEGIC VENDOR MANAGEMENT WORKING GROUP UPDATE**

**Documentation:**      [Summary Sheet - Strategic Vendor Management WG](#)  
[Presentation - Strategic Vendor Management WG](#)  
[Presentation - UNICEF Supplier Performance Monitoring](#)

23. The first part of this session was presented by the Strategic Vendor Management Working Group (SVM-WG) Chair, Mr. Sandro Luzzietti (IFAD).
24. Since the last PN meeting, the SVM-WG has continued its initiatives under the various Vendor Management topics and an update was provided on these:
  - Vendor Access (Business Seminars etc.)
  - Vendor Sanctions (Model Policy Framework & Vendor Eligibility)
  - Vendor Assessment (Pre/During/Post Award)
  - Vendor Performance (Supplier Performance Evaluation & Vendor Rating)
25. In addition, information was shared on the further expansion of the Knowledge Centre and collaboration spaces in UNGM as well as the user data collected over a 6-month period.
26. Following the discussions at the last PN meeting regarding Supplier Performance Evaluation (SPE), the SVM-WG Vice-Chair, Mr. Niels Ramm (UNOPS), shared the main conclusions and suggested recommendations from a SPE survey that was carried out across the agencies.
27. In continuation of the above, Ms. Gemma Orta-Martinez (UNICEF), presented her organisation's experience from implementing a monitoring and evaluation system for Supplier Performance. The key lessons learned are as follows:
  - Principles and process are more important than the tool or technology
  - Qualitative information may be decisive
  - Staff engagement and buy-in is essential
28. UNICEF stressed that it is not only numeric data that is important, actual engagement with the vendors is vital to the process. UNFPA concurred with this and informed that its vendor performance review process is very collaborative in nature, whereby performance data is reviewed alongside the vendor. As a result, vendors are more open and responsive to

feedback. Furthermore, this gives the vendor an opportunity to provide feedback on any shortcomings it has experienced with the UN agency.

29. Regarding Recommendation 6 on ASR data, outlined in the SPE survey presentation, it was pointed out that it would be easier to find commonalities if it were possible to drill down to the 'family level' of product/service codes to see which items organisations are procuring at that more detailed level. The Collaborative Procurement Prioritisation Project will, however, improve the PO data that is currently available in the ASR, facilitating easier identification of supplier linkages and potential opportunities for enhanced collaboration.
30. As is evident from the survey results, and from the experience of UNICEF, Supplier Performance Evaluation is extremely complex and it takes time to implement an effective system. UNICEF agreed to provide its support to harmonising the principles for Supplier Evaluation rather than developing a common tool, as the latter is likely to be extremely challenging to accomplish.
31. In terms of Vendor Sanctions, and in response to a request from UN Women, it was agreed that, to meet the needs of some smaller agencies, the creation of a joint Vendor Review Committee (VRC) could be discussed under the MPF Governance Group of the SVM-WG. The WG Chair invited agencies with this interest to join the group. As a first step, the Harmonisation WG will launch a survey to assess the level of interest in establishing such a VRC.

## V. HARMONISATION WORKING GROUP UPDATE

**Documentation:**      [\*Summary Sheet - Harmonisation WG\*](#)  
[\*Presentation - Harmonisation WG - UNDG-HLCMPN BOS Survey\*](#)  
[\*JIU Recommendations Survey Responses\*](#)  
[\*Presentation - Harmonisation WG - Responses to JIU\*](#)

32. Approval of the funding proposal for Harmonisation Project Phase III is still pending with the HLCM. Meanwhile, the Working Group has undertaken a number of activities, which the WG Chair, Mr. Eric Dupont (UNFPA) and Programme Analyst, Ms. Juliane Schneider (UNFPA) presented an update on.  
  
*(i) UNDG-HLCM PN constraints analysis of joint procurement initiatives under the UNDG Business Operations Strategy (BOS)*
33. The findings from a survey carried out in collaboration with UNDG to identify the current constraints for joint procurement initiatives at country level was presented. The survey was undertaken with a sample population of 4 countries that have joint procurement activities under a BOS framework and 1 country that is developing such a framework. While several constraints are apparent; in particular, lack of commitment, cooperation and engagement from participating agencies; resistance to change; and lack of harmonisation due to differing frameworks, a number of positive outcomes and best practices have been identified.
34. There was a general discussion as to why the Joint Operations Facility has not been very successful in the pilot country Brazil. According to various PN members there appears to be a number of factors that have contributed to this, such as: the non-finalisation of the joint Procurement Manual; lack of transparency in the cost-sharing methodology and costs being unproportionally high for smaller agencies; the JOF being set up in parallel to fully staffed



procurement units and hence seen as a competitor; and the JOF being perceived as a UNDP entity rather than an independent unit simply due to the legal set-up that was necessary. It was recommended that UNDG works more closely with the networks of the HLCM in future before introducing change at country level and, not least, ensure that there is the necessary buy-in at HQ level.

35. In moving forward, the WG Chair will continue dialogue with UNDG in order to try and address the issues and challenges that have been identified.

***(ii) Responses to JIU recommendations on Contract Management***

36. An overview was presented of the findings from a survey carried out across the larger UN agencies on their responses to the various recommendations on Contract Management put forward by the JIU<sup>3</sup>. The aim of the survey was to identify and share best practices in the UN regarding Contract Management with a view to further harmonise the approach to Contract Management across the UN agencies.
37. It was observed that some recommendations can be more difficult to align with than others as the issues in question can be rather complex in nature.

For example, **Recommendation 8:** *The executive heads of the United Nations system organizations should ensure that, when applicable, appropriate levels of liquidated damages and other remedies are included in the standard clauses of contracts and are judiciously enforced to protect the interests and rights of their organizations.*

External auditors are often very strict about the enforcement of liquidated damages. However, sometimes it can be counter-productive to do so and there can be very valid reasons for delays in delivery, etc. The necessity for a clause on liquidated damages is dependent on the complexity of the project, therefore the risks should be carefully assessed at the outset and appropriate processes put in place.

38. The PN Advisory Chair encouraged PN members to be open to observations from audit bodies such as the JIU and, insofar possible, try to align with their recommendations. The recommendations can often be used to an agency's advantage and give weight to implementation of new desirable policies and procedures.
39. Finally, in terms of other upcoming activities of the WG, the WG Chair informed that all interested agencies would shortly be invited to participate in a survey to explore the possibility of establishing a joint vendor review committee.

## **VI. PROFESSIONAL DEVELOPMENT WORKING GROUP UPDATE**

***Documentation:***      [\*Summary Sheet - Professional Development WG\*](#)  
[\*Presentation - Professional Development WG Update\*](#)  
[\*PPH Workplan v5\\_060916\*](#)  
[\*Consultancy TOR Final\*](#)  
[\*HLCM PN Training Compendium 2016\*](#)  
[\*Recommended Procurement Training Courses 2016\*](#)

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<sup>3</sup> The JIU report and a summary of the recommendations is available through the UNGM Knowledge Centre, Procurement Topics, Contract Management.

40. The primary focus of this Working Group since the last PN meeting has been on the project to update the Procurement Practitioner's Handbook (PPH). The Project Manager, Ms. Daniela Leinen (STL) gave an update on the project, which is running well and according to plan - a late draft version of the updated PPH is expected to be ready for the next PN meeting. While the handbook will be revised by a consultant with the support of a Project Steering Committee, it was highlighted that expertise is needed from some agencies in providing content for specialised fields, such as, Emergency Procurement, E-Procurement and UN Procurement Cooperation.
41. UNHCR and WFP agreed to provide input to the chapter on Emergency Procurement and the World Bank offered to provide support with the E-Procurement chapter. Furthermore, IFAD indicated that the CPT in Rome could provide input to the section on UN Procurement Cooperation, based on the text on UN Cooperation recommended in 2011 by the Harmonisation Working Group. UN Women suggested to include content on Gender Responsive Procurement in the handbook and agreed to provide input on this.
42. The Project Manager agreed that the PPH should be published in a format that will allow for easy update and maintenance, including synergies with the UNGM Knowledge Centre; this will be discussed further by the Steering Committee.
43. In terms of PPH-related training, UNDP will continue to use the handbook as a reference resource for its CIPS training. In addition, next year UNICEF will launch an online training course based on the content of the manual, and which it will make available to other UN staff.
44. The session continued with an update from the WG Chair, Mr. Torben Soll (UNDP), on the 'CIPS Knowledge' portal (its value, user data, etc.) – CIPS has given the UN free access to the portal until September 2017, after which the PN will have to decide whether or not it wishes to continue having access, likely subject to a subscription fee. The PN was also updated on the key observations from the annual update of the two training course tables as well as activities under the UNDP/CIPS Procurement Training & Certification Programme.
45. It was clarified that the proposed Student Award, mentioned as being in the pipeline, would not be monetary in nature, but rather recognition through a certificate or trophy. The concept, which has the potential to raise the profile of procurement and to give students an added incentive to perform well, has yet to be further developed.
46. UNICEF was of the view that updates on the UNDP/CIPS training schemes should not be included as part of the WG update and asked for this to be separated for future PN meetings.
47. There was a discussion on whether CIPS, or a similar professional qualification, should be included as a requirement in job descriptions for recruitment of procurement personnel. Several PN members, many from experience, recommended having it as a desirable qualification as opposed to a mandatory one. If mandatory, there is a risk that agencies will limit the pool of potential candidates. In addition, HR units in many organisations tend to be opposed to making it a mandatory requirement.

## **VII. COLLABORATIVE PROCUREMENT & FLEET MANAGEMENT PROJECT**

**Documentation:**      [Summary Sheet - Collaborative Vehicle Procurement & Fleet Management Project](#)



*Presentation - Collaborative Vehicle Procurement & Fleet Management Project*

48. An update on this HLCM-funded project, led by Mr. Dominic Grace (UNDP), was presented by the Project Manager, Mr. Robert McConnell (UNDP). The presentation provided an update on the recently launched re-tender for the remaining vehicle categories being led by UN/PD. The outcome of which is expected to be multiple contracts for each category available from August 2017. Also presented, was an Inter-Agency Fleet Sharing Project - a proof of concept to test the technology, applicability and user acceptance of operating a joint pool of UN vehicles between UNICEF, UNFPA and UNDP in a selection of Country Offices. The initiative combines three technologies to optimise fleet utilisation while delivering a high degree of user satisfaction. Operating data from the project is now available and being analysed. Finally, overall in terms of Fleet Management, the costs of a well-managed fleet versus an unmanaged one were presented demonstrating the potential for significant savings.
49. It was explained that substantial savings are not expected to be derived from the new contractual modalities (although prices will most likely be lower than those some agencies are currently paying), rather the potential for large savings lies in the better management and disposal of vehicles, which is part of the framework that will be implemented under the project. In addition, through better planning, vehicles can be bought at lower cost directly from the manufacturers as opposed to from stockists, generating further savings.
50. To address the risks associated with the current re-tendering process, the Project Manager informed that all the unnecessary mandatory requirements, which were a major barrier for manufacturers bidding in the first tender, have been removed. In addition, a bidders' conference will take place in November to address any issues bidders have. New and positive relations between the Project Manager and UN/PD are also expected to ensure that the re-tendering process runs smoothly and according to plan.
51. The Project Manager highlighted the risk of the technical evaluation and contract review committee processes at UN/PD being lengthy and potentially delaying project delivery. UN/PD was asked to ensure that these processes are handled in as timely a manner as possible.
52. In terms of 'greening' of fleet, the Project Manager informed that the demand for hybrid vehicles is very low, and some agencies are more open to it than others. Nevertheless, it is an issue that should be addressed at some point.

## **VIII. COLLABORATIVE PROCURMENT PRIORITISATION EXERCISE**

***Documentation:***      *Summary Sheet - Prioritization of Collaborative Procurement of High Value Commodities*  
*Presentation - Collaborative Procurement of High-Value Commodities, Project Briefing*  
*Project Proposal - Prioritization of Collaborative Procurement of High Value Commodities*

53. An update on this HLCM-funded project, led by Mr. Stephen Ingles (UNHCR), was presented by the Project Manager, Mr. Alexander Blecken (UNHCR). The presentation

outlined the project objectives, benefits & deliverables, the approach & methodology and detailed the timeline for the deliverables over the 3-month period of Phase I. As the project is jointly owned by all participating UN organisations, there is expected to be a strong participatory approach. In that regard, focal points have already been identified at 13 organisations.

54. The PN concurred that while this project will be extremely challenging, it is vitally important; it not only has the potential for efficiency and savings gains, it provides the opportunity to demonstrate to donors that the UN has the ability to collaborate very successfully on procurement. This is often not visible enough to donors and it was agreed that the PN should find a means to communicate better on its collaborative activities.
55. The SVM-WG Chair suggested to capture the approach and methodology of the project in the Procurement Practitioner's Handbook and the UNGM Knowledge Centre so that common procurement teams and others can benefit from the experience and practices of the study.
56. In response to PN members' queries on the next steps following the feasibility study, it was explained that the plan is to identify which products/services organisations should collaborate on, who will lead the process, who will opt in/out, etc. The expectation is for recommendations emerging from the project to be implemented in the short-medium term (i.e. 2017-18). It was stressed that a structured approach for making contracts available to agencies should ideally be identified.

## **IX. HLCM/CEB SECRETARIAT UPDATE**

*Documentation:*      [HLCM - Draft Results Framework - Strategic Plan 2017-2020](#)

57. The HLCM Secretary of the CEB Secretariat, Mr. Remo Lalli (UNOG), provided a briefing on the HLCM meeting which took place on 3-4 October in Paris. The main agenda item was the review and approval of the new Strategic Plan for 2017-2020 and the accompanying Results Framework. The development of the new Strategic Plan has been underway for some time and the PN has contributed heavily to it either directly or indirectly. Having been a major contributor to successful delivery on the current Strategic Plan, it is hoped that the PN will play an equally strong, if not a stronger, role in delivering on the new plan. The groundwork that has taken place in developing the new Strategic Plan has proven to be worthwhile as it received strong support from the HLCM members in Paris. The new Strategic Plan is expected to be finalised and endorsed by the CEB Secretariat on 8 November 2016 with two caveats: (i) the vision of the new Secretary General may need to be reflected in the document and (ii) minor amendments may need to be made to align the document with the new QCPR, which is yet to be finalised.
58. The HLCM Secretary presented briefly the priorities outlined in the Results Framework attached to the new Strategic Plan, and highlighted the outputs of most relevance to the PN. The PN was then asked to review the document carefully and provide any further feedback, or additional pertinent activities for inclusion, by the middle of the following week.
59. In response to a query regarding whether funding would be available to undertake activities in the new plan, the HLCM Secretary explained that funding should not be a pre-condition for enabling collaboration. When appropriate, seed funds may be provided, as is the case with the Collaborative Procurement of High-Value Commodities project, but it's important

that the approaches that are developed can become mainstream business practices without the need for further funding.

60. The UNGM SC Chair confirmed that from a technical standpoint, the UNGM would be able to accommodate the potential request from the HLCM Task Force<sup>4</sup> to amend the system to share information on fraudulent Implementing Partners. However, the issue on how to ensure that all user groups outside of procurement (HR, programme etc.) are aware of and committed to using the UNGM tool would need to be addressed first.
61. In terms of identifying agreed definitions for fraud, the PN Vice Chair reminded that much work has already been undertaken on this by UNDG and subsequently been approved by the legal departments of several UN organisations. The HLCM Secretary is mindful of this and agreed that duplication of this work should be avoided. He stated, however, that further work is required in this area, in particular, with regards to presumptive fraud.
62. The PN Vice Chair clarified that he would not be representing the PN on the Task Force. *(Subsequent to the PN meeting, the Advisory Chair offered to be the PN's representative. At the same time, PN members were requested to put forward nominations. Since no further nominations were received, the PN Advisory Chair was confirmed to be the PN's representative.)*
63. With reference to the section in the Results Framework on contributing to enabling the primary drivers of women's economic empowerment, UN Women requested that a Working Group be formed under the PN to focus on gender responsive procurement issues. In addition, UN Women informed that the UN General Terms & Conditions for contracting were currently being revised to include gender responsive language. Once finalised, agencies can then include this new language in their own Terms & Conditions.

## **X. SHOW AND TELL: UNOPS E-SOURCING DEMO**

**Documentation:**      [\*Summary Sheet - UNOPS eSourcing Demo\*](#)  
                                 [\*Presentation - UNOPS eSourcing Intro and Demo\*](#)

64. UNOPS launched its eSourcing system earlier in 2016 and is currently rolling it out across the organisation. The purpose of this session, presented by Mr. Santiago Millan (UNOPS), was to provide a demo of the system, in particular, the following two functionalities:
  - (i) Automatic posting of contract awards on UNGM and notifications to successful/non-successful bidders.
  - (ii) Reporting and procurement metrics - an overview of the eSourcing Dashboard which allows to easily visualize real time data.
65. PN Agencies (PAHO, UNFPA), already having been given some insight into UNOPS eSourcing system prior to the demo, expressed their strong approval of it. PAHO deems it to be highly superior to the system (InTend) it uses. PAHO urged the PN to consider trying to harmonise in the area of eSourcing rather than implementing an array of different solutions.
66. In response to a query regarding savings generated by the system, UNOPS informed that it would begin measuring this data in a few offices in Q1 2017. In the meantime, offices that

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<sup>4</sup> Task Force on Common Definitions Related to Fraud and Implementing Partners

have implemented the system have informally reported efficiency gains in terms of administration.

67. UNOPS agreed that it would be optimal if the system could further support procurement operations by providing automatic alerts when contract thresholds are close to being reached.

## **XI. SHOW AND TELL: INFLUENCE OF CULTURE IN PROCUREMENT OF INTERNATIONAL ORGANISATIONS**

**Documentation:**      [\*Summary Sheet - Influence of Culture in Procurement of International Organisations\*](#)  
[\*Presentation - Influence of Culture in Procurement of International Organisations\*](#)

68. This session was presented by Mr. Darko Stojmenovski Ilich (OSCE) and was aimed in particular at organisations with offices in different geographical and cultural settings. While these organisations are typically very aware of cultural differences and address them in their programmatic activities, these differences are often addressed to a lesser extent under the procurement function. To remedy this, a number of recommendations were presented:

- Training and awareness campaigns on culture
- Focus on outcomes and meaning rather than processes
- Involve local staff in local issues - “culture modulators”
- Strengthen the role of the procurement professional and enhance flexibility
- Define the critical cultural aspects in a particular case or relationship
- Define the influence of culture in the market
- Build relationships of trust, cooperation and empathy with clients and suppliers

## **XII. DISCUSSION ITEM: HOW CAN UN AGENCIES OFFERING SPECIAL SERVICES COMPETE FOR UN BUSINESS**

**Documentation:**      [\*Summary Sheet - How Can UN Agencies Offering Services Compete for UN Business\*](#)  
[\*Presentation - How Can UN Agencies Offering Services Compete for UN Business\*](#)

69. The following background for this discussion item was presented by Mr. Kiyohiro Mitsui (UN/PD):

The Publishing Services Section of the Division of Conference Services of the UN Office in Nairobi offers a one-stop design and printing service for the other local UN organisations. They have provided UNEP and UN-Habitat with design and printing services under a cost-recovery mechanism and are capable of offering similar services to the other UN organisations. However, being an entity of the UN, they cannot participate in a bidding exercise as a vendor and they have difficulty in promoting their services to other UN organisations. This formed the basis for a discussion on how such services can be promoted and offered to the other UN organisations outside of regular procurement frameworks.

70. There are various methods being practiced across the UN in terms of buying from other UN entities. Often agencies buy from another UN entity specialising in a certain field e.g. vaccines, shelter etc. because they know that that entity already has an agreement in place with a selected vendor(s), thus no tender process is initiated with the private sector. This relationship is simply governed by a Memorandum of Understanding or other form of agreement
71. However, in instances where the UN agency is the actual vendor, ILO explained that it asks the UN entity to submit an offer in parallel to a tender issued to the private sector, after which a comparison is made. If the UN entity is selected, then an agreement is drawn up between the two agencies.
72. One of the risks in allowing a UN agency to compete in a tender is that, should the agency be awarded the contract, it can be perceived as unethical and a conflict of interest by the private sector. A separate issue with one UN agency buying from another is that it can be difficult to apply the Terms & Conditions of contract (e.g. liquidated damages).
73. IFAD reminded that the Harmonisation Project Phase 1 (2011) developed an entire chapter on UN Cooperation, which has a section on purchasing from other UN entities. IFAD has adopted the text developed by the Harmonisation WG in its procurement manual.
74. It would appear that the main element that is missing is a means for a UN agency to communicate to other UN agencies on the products or services it has to offer. It was suggested that the UNGM Knowledge Centre could be used for sharing information in this regard.

### **XIII. HEALTHY MARKET FRAMEWORK: VACCINE MARKETS**

**Documentation:**      [\*Summary Sheet - UNICEF - Healthy Market Framework\*](#)  
[\*Presentation - UNICEF - Healthy Market Framework\*](#)

75. In this session, presented by Ms. Katinka Rosenbom (UNICEF), it was explained how UNICEF, partnered with Gavi and the Gates Foundation, has developed a Healthy Market Framework (HMF) for the vaccines markets. The HMF is used to assess current market health, articulate a desired end state for a specific market and guide the strategic choices that need to be made to achieve increased market health over the chosen time period. The framework also allows for quantification - in terms of price impact - of pursuing different healthy market attributes, and potentially consider alternative market shaping interventions.
76. The key benefits of developing such a common framework are:
- It allows the key partners to align, value, and decide on the specific objectives and trade-offs within any individual vaccine market.
  - It will make the value ascribed to specific elements of a healthy market more transparent.
  - It will allow a more robust discussion on the relative strengths of different interventions and tools to address needs within a market and more precise articulation of “end-states” desired over the long-term for specific markets.

#### **XIV. DISCUSSION ITEM: PROCUREMENT TALENT AND DEVELOPMENT OPPORTUNITIES**

*Documentation:*      [Summary Sheet - Procurement Talent and Development Opportunities](#)

- 77. This item was introduced by Mr. Kenny Cheung (World Bank) to discuss the opportunities in providing an exchange platform for the procurement staff to be rotated/seconded within the networks of the UN. The aim of which is to provide a broader career development environment for staff whilst strengthening the collaborative relationship of the UN organisations.
- 78. Mr. Sandro Luzzietti (IFAD) was asked to elaborate on the opportunities he has had to be seconded to UN/PD for 3 months and to exchange positions with Mr. Pablo Zini (IMF) for 9 months. These experiences have proven to be extremely enriching for all parties concerned.
- 79. Other PN members (UNICEF, IOM, UNOPS) informed that they have well-functioning systems in place for deploying own staff to short-term assignments in other locations. It was felt that widening the opportunities on an Inter-Agency level would require agreement across the various organisations' HR units.
- 80. The HLCM Secretary was very supportive of the further exploration of this initiative as one of the outputs linked to the new Strategic Plan of the HLCM concerns the operationalisation of Inter-Agency mobility of staff. He encouraged the PN to identify a more informal and less structured approach to realising this task.
- 81. Several PN members were very interested in exploring this area further and agreed that the mechanism for rotation, job exchange, etc., should be simplified. It was agreed that the World Bank would join the Professional Development WG in order to move this work forward.

#### **XV. COLLABORATIVE PROCUREMENT & FLEET MANAGEMENT PROJECT: BREAK-OUT SESSION**

*Documentation:*      [Presentation - Collaborative Vehicle Procurement & Fleet Management Project: Break-out Session](#)

- 82. This session, led by the Project Manager, Mr. Robert McConnell (UNDP), was a continuation of the plenary session held earlier the same day. The presentation elaborated on the benefits of implementing a fleet management framework and the objectives of the current re-tendering process.
- 83. It was reiterated that substantial savings (10-20%) can be achieved through buying directly from manufacturers as opposed to from in-country 'spot' purchasing from stockists, which is common practice today. The Project Manager, pointed out that the former is already currently possible through existing LTAs, if agencies are interested in doing so. Strategic planning in vehicle acquisition is the key to achievement of major savings.
- 84. UNICEF stressed again the importance of UN/PD meeting the timelines of the re-tendering process and, should the resulting submissions fail to be approved by UN/PD's contracts committee, UNICEF offered to have them reviewed by its committee. In addition, the



Project Manager was requested to ensure that all key agencies are kept involved and informed on project activities. The Project Manager provided reassurance on this and advised that UN/PD would be supplying him with regular progress updates. He also invited UNICEF to participate in the technical evaluation of the submitted bids in January 2017.

85. Several agencies agreed that implementing the proposed Fleet Management framework will be a very worthwhile exercise in terms of achieving efficiency and economic gains. UNHCR has already demonstrated that this is the case with the fleet management initiatives it has undertaken. The HLCM Secretary, also already convinced by this, urged for the development of a detailed project plan for the Fleet Management component. The Project Manager responded that work is already underway with a number of UN agencies interested in implementing such a framework, in order to demonstrate some of the benefits that can be derived from it and, in turn, to build further momentum.
86. PN members asked the Project Manager to ensure that the lessons learned from the first tender process (Phase II), are captured and kept on record for reference purposes in the future. Furthermore, in connection with monitoring the success of the project, data on usage of the contracts successfully put in place under Phase II should be tracked.
87. In conclusion, the Project Coordinator, emphasised that, despite the scale of the project and the major challenges it has experienced, he remains extremely optimistic about the outcome. The very positive current relationship with UN/PD, and the planned implementation of the Fleet Management framework, both bode very well for a timely and successful delivery of the final phase of the project.

## **XVI. UNGM STEERING COMMITTEE BRIEFING**

**Documentation:**      [\*Summary Sheet - UNGM Rolling Budget 2017-2018\*](#)  
                                 [\*UNGM Rolling Budget 2017-18\*](#)  
                                 [\*Summary Sheet - UNGM Mid-Year Operational Report\*](#)  
                                 [\*UNGM Mid-Year Operational Report 2016\*](#)  
                                 [\*Presentation - UNGM 2016 Highlights & Future Proofing\*](#)

88. The UNGM SC Chair, Mr. Giorgio Fraternali (ILO), provided a summary of the discussions of the UNGM membership, which took place on the first day of the PN meeting.
89. As per normal practice, the UNGM budget for the forthcoming biennium was presented to the UNGM membership; the budget document provided a consolidated overview of the anticipated costs and income flows covering both the regular UNGM activities and the bespoke projects funded by external sources. Subsequent to the reform of the UNGM registration process and other substantial further enhancement of the system over the past few years, the UNGM has become an increasingly important and successful tool. This success has in turn led to the need to expand the UNGM Secretariat team; this was duly reflected in the new budget that was presented.
90. The UNGM SC Chair informed the PN that the UNGM rolling budget for 2017-2018 was unanimously approved by the UNGM membership.
91. The UNGM SC Chair also informed the PN that a presentation of the UNGM Highlights had been presented to the UNGM membership. This encompassed data on how the UNGM supports the organisations and users; information on the UNGM as an e-procurement

platform and its integration with ERP systems; various UNGM functionalities; and deliverables of the latest Strategic Enhancement Project. Throughout, recommendations for ‘future-proofing’ and enhancing the system were presented.

92. Finally, two issues were flagged to the UNGM membership: (i) UN staff should be reminded to upload information on LTAs in the system; and (ii) all agencies should ensure that their Procurement Notices are posted on the UNGM as this forms the basis for the Tender Alert Service that subscribed companies are paying for.

**XX. DISCUSSION ITEM: UN VENDORS UNABLE TO ACCEPT THE SUPPLIER CODE OF CONDUCT**

**Documentation:**      [Summary Sheet - UN vendors unable to accept Supplier Code of Conduct](#)  
                                 [Presentation - UN vendors unable to accept Supplier Code of Conduct](#)

93. The UNGM Steering Committee initiated a discussion on this subject matter due to the following:

- UNGM registration requires vendor acceptance of the UN Supplier Code of Conduct (SCoC)
- Increasingly agencies require mandatory UNGM registration in order to enter into a contract with a vendor (due integration of ERP and/or E-procurement applications)
- Cases have been noted where prospective vendors to be awarded a contract refuse to register on UNGM on the grounds that they cannot accept the SCoC.

94. Mr. Kiyohiro Mitsui (UN/PD) presented two cases experienced by UN/PD as well as advice it has received from its Legal Office.

95. Several PN members pointed out that, as advised by their Offices of Legal Affairs, the SCoC is only intended to be aspirational in nature as opposed to mandatory, and therefore when registering on the UNGM, vendors should not be asked to comply with the various provisions until the time the contract is signed and Terms & Conditions are thereby agreed to. However, although that is the case, others felt that the SCoC reflects the basic principles and values of the UN and should therefore be accepted by vendors to the UN.

96. In conclusion, PN members agreed that the best course of action would be to modify the text concerning the SCoC in the UNGM. The following was proposed and accepted:

*To register your interest in doing business with the UN you are required to read and acknowledge that the UN Supplier Code of Conduct provides the minimum standards expected of suppliers to the UN.*

97. In addition, it was agreed that, in accordance with current revision of the UN General Terms & Conditions, the SCoC will be amended to incorporate new provisions on sustainability, gender responsiveness as well as other issues that have been raised by UNICEF. ILO and the UN Secretariat will undertake this task in collaboration with the Harmonisation Working Group. Once amended, the revised SCoC will be submitted to the PN membership for endorsement.

## **XXI. SHOW AND TELL: ASSESSMENT OF TRANSPARENCY OF INTERNATIONAL ORGANISATIONS**

**Documentation:**     [Summary Sheet - Assessment of Transparency in Procurement of International Organizations - OSCE](#)  
[Presentation - Assessment of Transparency in Procurement of International Organisations - OSCE](#)

98. This topic was presented by Mr. Darko Stojmenovski Ilich (OSCE) and was based on a recent study by OSCE to assess the transparency of procurement in International Organisations. Under the study, data was collected from 9 International Organisations and transparency was measured in 11 areas; this was based exclusively on information which was available from the website of each of the organisations. The presentation also included a number of recommendations for improving transparency.
99. Following the presentation, a few PN members emphasised the importance of transparency in influencing how an organisation is perceived by vendors. Taking the necessary steps to improve transparency should be seen as an investment as it will attract the interest of better vendors and in turn ensure better value for money.
100. In addition, it was pointed out that some of the 11 criteria used to measure transparency in the study, should not even be optional for an organisation to offer. For example, establishing a clear protest mechanism for unsuccessful bidders.

## **XXII. SHOW AND TELL: AN INTRODUCTION TO THE INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)**

**Documentation:**     [Presentation - The International Organization for Migration - A Brief Introduction for the HLCM Procurement Network](#)

101. Having recently become a member of the UN, and subsequently the HLCM, new PN member, Mr. Vladimir Gjorgjiev (IOM) shared a brief overview of his organisation; its background, organisational structure, as well as key activities – both overall and in terms of procurement.
102. The PN noted the apparent synergies between some of the activities of IOM and those of UNHCR. Mr. Gjorgjiev agreed and added that IOM has always enjoyed good relations with UNHCR in the field and at HQ level. He expressed hopes for this not only continuing, but that there might be opportunity for joint implementation of projects.
103. In that regard, UNICEF informed that it has an MOU with IOM in terms of cooperation on Emergency Preparedness Response, used for the exchange of expertise and practices, and where UNICEF relies on IOM for its expertise in the area of shelter, for instance.
104. Finally, Mr. Gjorgjiev assured that IOM would be in a position to extract and submit data from their current PRISM/SAP system for the Annual Statistical Report on UN Procurement when requested.

## **XXIII. SHOW AND TELL: PURCHASE OF CARBON OFFSETS**

**Documentation:**     [Summary Sheet - Purchase of Carbon Offsets](#)  
[Presentation - Purchase of Offsets in the UN System](#)

105. This topic was presented by Isabella Marras (UNEP), Drago Jovanovic (UNFCCC) and Niels Ramm (UNOPS). The background on UN commitments for climate neutrality was presented. After CEB members agreed in 2015 to achieve climate neutrality by 2020 through a combination of emission reductions and offsets, the UN Secretary-General requested UNEP and UNFCCC to partner in supporting UN organisations in offsetting GHG emissions. Therefore, UNEP and UNFCCC developed, with the members of the Environment Management Group, guidance for UN agencies for the procurement of carbon offsets. Information on offsetting with CERs was shared with the PN along with an update on various organisations' progress against environmental sustainability commitments.
106. Following the presentation, the comment was made that the primary effort of organisations should be on reducing carbon footprint as much as possible. Purchase of CERs can then serve to bridge any gap that remains.

#### **XXIV. DISCUSSION ITEM: REGISTERING GENDER OF BUSINESS OWNERS IN UNGM**

**Documentation:**      [\*Summary Sheet - Registering gender of business owners in UNGM\*](#)

107. This item was introduced by the UNGM Steering Committee Chair, Mr. Giorgio Fraternali (ILO) in response interest from the UN Secretariat and UNOPS in exploring options for the identification and flagging of women-owned businesses at the point of registration on the UNGM. The approach would be to add a flag so that vendors can indicate being a women-owned business<sup>5</sup>.
108. The UNGM Steering Committee chose to present the issue to the PN Membership due the potential wider implications it might have; should it be implemented, the UN may be perceived as giving preferential treatment to certain vendor groups. In addition, it could potentially lead to requirements to capture information on other minorities. UN/PD expanded further on the background by explaining that it had been approached by UN Development Business to explore ways for including gender information in procurement activities. In addition, the UN Secretary-General's High Level Panel on Women's Economic Empowerment is drafting a report with a chapter dedicated to improving public sector practices in employment and procurement; the finalised report is expected in March 2017; the finalised report is expected in March 2017 and will encourage International Organisations to incorporate gender responsive activities into their procurement practices.
109. UN Women added that it has already rolled out corporate policy allowing a contract to be awarded to a women-owned business, should the agency receive two or more identical offers/bids. Moreover, UN Women analyses procurement spend by gender of suppliers and is committed to increasing the procurement volume from women-owned businesses. The agency expects all suppliers to sign a one-page voluntary agreement that is embedded in UN Women's standard solicitation documents. Other guidelines and templates are currently being developed in an effort to ensure economic empowerment of women and to better guard against discrimination of women in supply chains. It will be at the discretion of each UN organisation as to whether or not to adopt all the provisions in its procurement

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<sup>5</sup> A woman-owned business is defined as any organisation that is more than 51% owned or controlled by a woman.

processes; those doing so will be considered ‘Champions’, by UN Women, in the journey to a *world free of discrimination*. In encouragement, UNDP informed that it has piloted incorporating a set of sustainability criteria (accounting for 7% of the score) into its bidding processes, which has proved to be very successful so far. UNFPA has also had significant success in introducing sustainability initiatives into the supply chain for condoms. The key to this success has been through positive engagement with the vendors and emphasis of the business case.

110. It was recognised that it may be a challenge for some larger companies registering in the UNGM to determine whether or not their business is women-owned. It was also noted that there is always a risk of the registrant falsely claiming that the business is women-owned.
111. It was discussed whether the UNGM could be further utilised to capture vendor data on other CSR-related areas. However, The UNGM Steering Committee Chair & UNGM Programme Manager cautioned against complicating the basic registration process of the UNGM. Considerable efforts have been made to simplify the process which in turn has had a very positive effect on the volume of vendor registrations and user satisfaction. Furthermore, the UNGM SC Chair reminded that the UNGM has been developed to primarily serve the needs of the business community.
112. The PN noted the priority engagement of HLCM as formulated in its 2017-2020 Strategic Plan and annexed Results Matrix to "Assess potential and implement action towards improving United Nations practices in employment and procurement, changing corporate practices, and stimulating women's entrepreneurship" and expressed its commitment to devise the most appropriate and effective modalities to contribute to the implementation of this HLCM priority.
113. As a first step, it was agreed that the UNGM should be adapted to identify and flag women-owned businesses. The new (optional) women-owned business question/tick-box should clearly indicate the definition of a women-owned business, i.e. any organisation that is more than 51% owned or controlled by a woman. In terms of addressing registrations already in the system, it was agreed that these vendors should be asked to respond to the new question the next time they have to reactivate their account. A proposed IT solution will be presented at the next PN meeting in the form of a mock-up.

## **XXV. VENUES FOR FUTURE SESSIONS, MEETING CLOSE**

### ***Venues***

114. The PN accepted the tentative offer from WTO (with the support of CPAG) in Geneva to host the meeting in March 2017. Upon return to Geneva, WTO will revert on its ability to host the meeting. Should WTO be unable to host it, it was agreed that the meeting would be hosted by the World Bank (with the support of the Washington DC organisations). *(Subsequent to the PN meeting, WTO confirmed its ability to host the meeting on 22-24 March 2017. The proposed dates were accepted by the PN Management Board.)*
115. The PN also accepted the offer from ICAO to host the meeting in Autumn 2017 in Montreal. (ICAO had requested for the decision to be taken well in advance in order to ensure availability of meeting facilities).

### ***Other business***

116. In order to promote and improve communication on HLCM PN activities to donors etc., the PN Vice Chair proposed making use of social media, for example, setting up a HLCM PN Twitter account. It was suggested that this could be managed by the PN Secretariat who has a background in communications. While PN members were not opposed to the idea, several expressed the need for strategy to be developed before pursuing it. It was also suggested that expertise from the communications departments of the various agencies could be sought. It was agreed that the PN Vice Chair would explore the concept further and revert with more details at the next PN meeting.

### ***Close***

117. Several PN members paid tribute to Mr. Joselito Nuguid (UNICEF) who will shortly retire. Furthermore, on behalf of the whole network, the PN Advisory Chair, thanked Joselito for his valuable contributions over the years, his wisdom, guidance and endless support and conviction.
118. In closing, the PN Chair thanked PN members for their participation, and the Management Board and Secretariat for their support.