

# HLCM Procurement Network project

# Collaborative Procurement of High-Value Commodities – Phase I

## Summary report



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## Executive Summary

The project “Collaborative Procurement of High-Value Commodities” is a project on procurement collaboration of organizations of the United Nations system. It was developed by the HLCM Procurement Network and funded by the HBP Plan of Action trust fund. It is structured in two phases. Phase I of the project, which was carried out between September and December 2016, had the objective to gather data on the procurement footprint of the United Nations system of organizations, analyze this footprint and develop first recommendations on opportunities for collaborative procurement initiatives. A total of 16 UN organizations joined the project, representing cumulatively around 95% of the overall spend of the United Nations system.

With over 50 individual organizations, many of which operate at a global level and in some of the world’s most difficult environments, the UN system of organizations is a complex and decentralized organization. Despite this organizational setup which provides particular challenges to collaborate on procurement issues, there is a range of collaborative procurement activities already ongoing. While documenting all of these collaborative activities would exhaust the scope and mandate of this project, this report highlights a few selected collaborative activities.

The project followed a participatory approach closely involving the participating UN organizations in developing the methodology of the project and in each step of the analysis. The methodology itself was vetted by external experts from international organizations as well as experts on public procurement from the academic and consulting sectors.

The starting point for the analysis was the 2015 Annual Statistical Report on United Nations Procurement as well as additional data provided by the UN organizations. The resulting data base contained about ~30,000 PO lines with ~19,600 individual suppliers out of which ~16,600 are unique suppliers. Hence, the procurement volume that could be analyzed in detail amounted to ~13.1bn USD out of a total of ~17.6bn USD (74%).

Approximately 40 common procurement categories have been the subject of analysis. Through a sequenced approach, this comprehensive list has first been reduced to a long list (32 categories), then a short list (16 categories) and finally a prioritized list of five categories for which collaborative procurement projects should be driven forward and for which detailed implementation plans should be developed. The latter was done by assessing potential impact and likelihood of a collaborative approach to a specific category.

Among the prioritized categories, the categories **advisory services** (in particular management consulting services), **generators** (with a focus on diesel generators) and **recruitment services** (executive search services) show the highest potential for collaborative procurement in terms of their impact and likelihood rating. Following these and with a slightly lower priority are the categories **tents** and **IT hardware** (with a focus on laptops, desktops, and monitors).

The available procurement data has also been used to carry out analysis on common vendors. From the ~16,600 unique vendors, 1135 (~7%) make up a cumulative total of 80% of the UN organizations’ spend. Further, it turned out that more than 7bn USD (54% of the UN’s entire procurement spend) procurement is from vendors which are used by more than one UN organization. Discounting for differing specifications, already commonly established contracts and other factors, this represents an opportunity for collaborative procurement, starting with relatively quick wins through identifying arbitrage opportunities with commonly used vendors.

The Procurement Network formally endorsed the outcomes of Phase I during its session in March 2017 and asked for a launch of Phase II on May 1, 2017.

## 1. Project objectives and benefits

The project objectives (for Phases I and II) have originally been developed and endorsed by the HLCM Procurement Network in March 2015 and revised in March 2017 (for Phase II) and included:

- Review current joint procurement contracts scope and category and current usage by UN organizations
- Identify potential opportunities for joint procurement
- Review common vendors and assess the strategic benefits of negotiating improved terms and business volume leverage across multiple agencies
- Analyze and develop prioritized options for collaborative procurements including detailed timelines and implementation plans
- Analyze and rank cost saving / efficiency opportunities for prioritized categories

The expected benefits include

- Cost savings and cost avoidance due to improved advanced joint planning for major strategic and volume procurement opportunities
- Enhanced access of all UN agencies to standards and specifications
- Development and optimization of standards in procurement scope and specification in line with best practices

It is important to note that this project is analytical in nature and sets the groundwork upon which collaborative procurement initiatives can be launched. The expected benefits depend on the successful completion of such collaborative procurement initiatives and are hence the benefits are not achievable within the scope of this project.

## 2. Collaborative procurement in the UN system

With over 50 individual organizations, many of which operate at a global level and in some of the world's most difficult places from a procurement and supply chain perspective, the UN system of organizations is a highly complex and decentralized organization. Despite this organizational setup which provides particular challenges to collaborate on procurement issues, there is a wide range of collaborative activities already ongoing. To capture all ongoing collaborative procurement initiatives would exhaust the scope of this project.

Collaboration in procurement in the UN system takes a vast array of different forms. These forms can include technical cooperation and knowledge exchange, pre-qualification of suppliers which are recognized by other UN organizations, joint solicitation and tendering, piggy-backing on UN organizations' existing contracts, procuring from or through other UN organizations, joint development of specifications, and other activities. All of these activities are driven by the insight that it is of mutual gain to all involved UN organizations to collaborate. In almost all field locations, UN organizations cooperate in procurement in some form, mostly through sharing existing contracts and through joint collaboration. Due to the decentralized setup of many UN organizations, such initiatives are difficult to report quantitatively.

It has become clear during the course of this project, that there is no common understanding among all UN organizations about what precisely constitutes collaborative procurement. Some organizations have a more loose definition while others have a more strict definition and, hence, reporting scheme. In the following, some few selected, current and ongoing collaborative procurement initiatives are presented recognizing that many more collaborative activities are undertaken by the UN organizations at HQ and at the field level.

### 2.1 Working Group on Harmonization

The HLCM working group on Harmonization oversees the work of the Harmonization Project which has been ongoing since 2011 and is currently awaiting the launch of Phase III of the project. Phase I was led by UNICEF, Phases II and III are led by UNFPA.

The objectives of Phase I were to create a common framework for harmonization of procurement related regulations, rules, policies, procedures and business practices; document and include country

level outcomes and best practices in collaboration; and develop a standardized toolkit for country level procurement practitioners taking into account the best practices, needs and insights from the country level. Among the particularly noteworthy deliverables of Phase I of the Harmonization Project are

- Development of harmonized guidelines for common procurement at the country level
- Development of a harmonized table of content for UN procurement manuals
- Development of a new technological platform for the UN Procurement Practitioner's Handbook

The objectives of Phase II of the Harmonization Project were to:

- Facilitate the implementation and use of the guidelines on 'Common UN Procurement at the Country Level' through field support missions and train-the trainer workshops while continuously improving these guidelines 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
- Revise the contents and structure of the Procurement Practitioner's Handbook
- Assess the feasibility and benefits of harmonizing standard solicitation documents, model contract templates and general terms and conditions of UN organizations

Phase II of the Harmonization Project has been completed in 2015, its planned deliverables (with the exception of the revision of the Procurement Practitioner's Handbook which is being revised in 2017) have been achieved and its outcomes are documented on the UNGM. Phase III of the Harmonization Project will be launched as soon as funding is received from the HLCM HBP Plan of Action trust fund.

## **2.2 CPAG**

The Common Procurement Activities Group (CPAG) is committed to leading efforts to unite and harmonize procurement practices amongst Geneva-based international organizations in order to increase the efficiency and effectiveness of UN procurement activities. The group was founded in 1952 and currently comprises of 18 member organizations. Each year, CPAG issues a comprehensive report which is available on the UNOG website. The CPAG mission includes

- Promoting the standardization of procurement policies, standards, procedures and procurement training programmes;
- Promoting the standardization of goods, works and services;
- Enhancing the efficiency and effectiveness of procurement operations and programmes;
- Benefiting from economy of scales by pooling procurement requirements.

In 2015, CPAG delivered on a range of activities and projects, inter alia:

- Issuing of regular CPAG tenders such as paper and office supplies as well as novel tenders including car services with driver, flags, and rental of IT equipment, each by a dedicated lead agency
- CPAG Members exchanged knowledge on contracts, tenders, suppliers and organizational practices in nearly 70 occasions
- Launching of a new CPAG website on the UNGM

The CPAG annual report also presents the major joint contracts of CPAG and reports estimated cost avoidance (ECA) figures. For instance, the ECA in 2015 due to the joint contract on Travel Agency and Visa Processing Services / Airline Negotiations with Air Carriers amounted to 20,624,088 CHF. Other common contracts include international mail and pouch services, express mail services, registered mail services, utilities, paper, office supplies, IT equipment, printers, software, vehicles, and many others. The total reported ECA for 2015 amounted to 35,450,310 USD.

## **2.3 JOF Brazil**

The Business Operations Strategy (BOS) in Brazil is a pilot project in cooperation with the United Nations Development Group (UNDG) and the High Level Committee of Management (HLCM). The UNCT in Brazil has volunteered to pilot the implementation of a platform for integrated delivery of services to support the UN system. This platform, the Joint Operations Facility (JOF), has the objective

to improve the management of facilities and business operations by eliminating duplication of efforts and reduce operational transaction costs.

The JOF has been operational since March 2016 and aims to reduce operating costs and enhance the quality of services by delivering a range of common services such as:

- **Procurement:** All procurement services with the exception of strategic programme procurement)
- **Travel:** For staff, non-staff and project personnel (consultants)
- **Information, Communications, Technology:** Helpdesk, printing services, videoconferencing and software development

The JOF currently provides services to seven (out of 24) UN organizations in Brazil. As a pilot and one of the first attempts to establish a local integrated service center with full headquarters involvement, JOF had to overcome several obstacles in terms of entrenched practices, cultures, and mind-sets across multiple organizational dimensions. Despite these challenges, the JOF is currently operational and generates lessons learned useful for implementation of further JOFs in other countries.

Another challenge the JOF faced was the non-existence of an inter-agency procurement manual, i.e. the absence of a policy framework for the procurement operations of the JOF. Based on the UNFPA procurement manual, the JOF prepared a draft consolidated joint procurement and travel manual governing the JOF's processes. The draft document is at an advanced stage and is expected to be finalized soon.

In terms of procurement activities, the JOF is currently processing regular procurement requests from six UN organizations, has prepared the harmonized Procurement Manual and has established a joint Procurement Review Committee. Delegation of Authority was granted by UNDP, allowing JOF staff to operate the ERP/Atlas and perform end-to-end processes.

## 2.4 Ongoing collaborative procurement of high-value commodities

The organizations of the United Nations system have been collaborating on a range of high-value commodities in a number of different forms, inter alia by sharing LTAs and technical specifications, using prequalification services and also by pooling demand and volume. Some of the categories that the organizations of the United Nations system have been collaborating on include vaccines, freight forwarding services, contraceptives, cargo insurance, vehicles, and core relief items. A few selected examples are discussed in more detail in this section.

### 2.4.1 Vaccines

In 2015 UNICEF procured vaccines for 1.73bn USD, covering supplies to around 100 countries. All vaccine procurement conducted by UNICEF is done in some form of collaboration with partners. Some examples of this collaboration are as follows:

- WHO through its role in providing global guidance on immunization, vaccines and standards for national regulatory systems is UNICEF's technical counterpart in the actual vaccines procurement process
- GAVI, the vaccines alliance counts UNICEF and WHO amongst its founding members, and UNICEF procures the majority of the GAVI-funded vaccines. UNICEF works closely with the GAVI secretariat and specific alliance members in the market shaping of the vaccine market, through establishing roadmaps and specific procurement strategies. The approach has yielded new solicitation mechanisms, innovative agreements that have contributed to increased supply, lower prices with considerable savings and healthier markets.
- PAHO, as a co-procurer, through an exchange of practices and approaches to the market, and at times procurement on behalf of specific countries. Different funding models and procurement philosophies have limited actual joint solicitation, but further collaboration is currently explored between UNICEF and PAHO as UNICEF embarks on new innovative approaches to solve future health emergencies.

UNICEF provides access to vaccines for other UN organizations at times that require this for specific situations or locations. Given UNICEF's role in the supply of vaccines, the support is often provided through use of the UNICEF procurement service modality, which allows requestors to benefit from the terms covering the high volume, long term UNICEF procurement agreements with suppliers.

### **2.4.2 Freight forwarding services**

In early 2015 UNICEF announced through the HLCM Procurement Network that it would commence the solicitation process for renewing the current freight forwarding contracts. UNICEF's spend alone is over 150m USD per year on international freight forwarding.

UNICEF invitation to join this solicitation process was followed by UNDP, UNHCR, UNOPS, FAO, UNFCCC, UNFPA, and UNRWA. This pooling of demand of the UN organizations' volumes placed the demand of this group at the forefront of the aid and relief segment for carriers. The participating UN organizations were contributing to the design of the process, took part in the technical evaluation, and were kept briefed throughout the solicitation process.

The aim of the joint solicitation exercise was to implement long term agreements with third party logistics freight forwarders, ensuring efficient, cost effective, timely and high quality transport for shipments. Recognizing the varying requirements profiles of the different organizations, the aim was further to have an agile approach allowing the other participating UN agencies to either use UNICEF contracts or establish own agreements based on the outcomes of the procurement process. New contracts have been successfully signed with 5 freight forwarders. The participating UN agencies are currently reviewing the outcome to choose the best path for each organization.

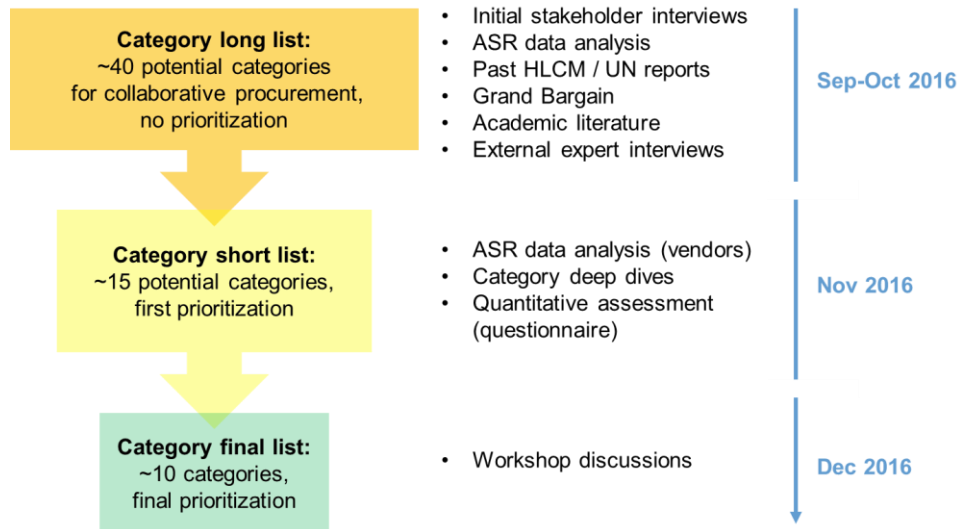
### **2.4.3 Contraceptives**

In 2015 UNFPA procured contraceptives for ~120m USD. All contraceptives procurement conducted by UNFPA is done in some form of collaboration with WHO, UNFPA's technical counterpart in the actual contraceptive procurement process. As the lead UN agency for the procurement of contraceptives, UNFPA enters into collaborative procurement relationships with other UN organizations based on a shared understanding that collaborative procurement efforts result in more efficient processes, stronger procurement practices and lower costs for all participating organizations. Since 2011, approximately 26.8m USD worth of contraceptives have been procured through UNFPA on behalf of other UN agencies.

A major benefit of consolidating and standardizing procurement practices is the reduction of administrative costs by avoiding duplication of work. As the lead UN agency for the procurement of contraceptives, no other UN organization needs to spend administrative resources to bid for such products. A Memorandum of Understanding (MOU) between UNFPA and the respective UN organization, expressing its intent to procure supplies for contraceptives through UNFPA, thereby allowing for economies of scale to be obtained through joint purchasing as well as lower costs for goods through leveraged volumes.

## **3. Category selection**

In order to develop the project's recommendations, a participatory approach was chosen involving all contributing UN organization's individually. The project approach was also developed in a consultative manner and vetted by experts from other international organizations and academia. In a phased approach, an initial category long list of ~40 potential categories for collaborative procurement was compiled and subsequently narrowed down into a short list of ~15 categories and finally into a prioritized and final list. Figure 1 displays this process and the inputs at each step that helped narrow down the list of potential categories.



**Figure 1: A phased approach yielded a short and prioritized final list of categories**

### 3.1 Development of category long list

The categories identified for the category long list were compiled using and correlating a range of different sources as follows:

- An initial interview was conducted with each project member and during this initial interview, a question about the professional judgement brought up a range of ideas for potential categories for collaboration
- The data contained in the 2015 ASR was analysed and all categories with overall significant spend volume, i.e. over a cumulative 10m USD, were analysed and where appropriate spending patterns were identified, i.e. spend not already centralized with >85% in one UN organization, these categories were included in the long list
- Past HLCM Procurement Network reports such as the study by IAEA in 2012
- Commodities suggested in the Grand Bargain agreement
- Academic literature on collaborative public procurement initiatives and commonly suggested categories for collaborative procurement.
- External expert interviews including experts on public procurement including senior consultants and academics

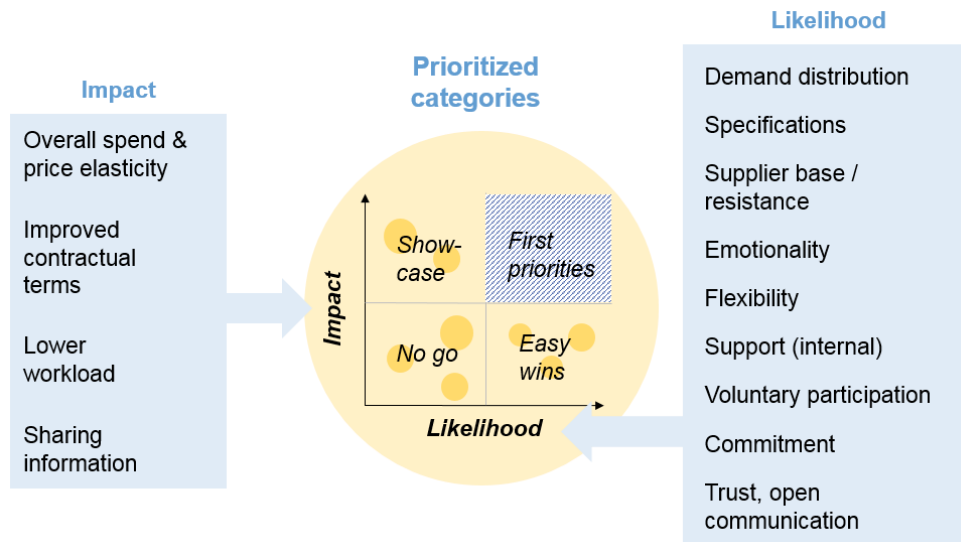
For each of these categories, a number of data fields were collected and preliminary analyses conducted such as relevant UNSPSC codes, spend distribution among the UN organizations and concentration factor (i.e. how many UN organization make up >80% of category spend), a short description of the category, typical suppliers and products, nature of supply market (global, regional, or field-based), geographic distribution of demand (global, regional, or field-based), specific challenges and specific benefits to collaborative procurement of the category.

Based on this initial assessment of the category long list, some categories were already found as not suitable for collaborative procurement and were not further considered. The resulting initial long list included 32 categories, including but not limited to air travel services, computer services, construction services, containers and storage, facility management (in particular cleaning, security, maintenance), fuel, generators, hotels and lodging, human resources services, insurance, IT hardware, IT software, laboratory and scientific equipment, management advisory services, medical equipment and supplies, paper, prefabricated buildings and structures, solar-powered equipment and applications, telecommunication equipment, telecommunication services, tents, and others.

### 3.2 Methodology for prioritization

In order to be able to prioritize the potential categories which should be the subject of a collaborative procurement initiative, the project assessed them according to their potential impact versus their likelihood of success (see Figure 2).





**Figure 2: Impact / likelihood assessment for prioritization**

In order to be able to prioritize among the categories from the initial long list, the benefits / impact which can be achieved by procuring a category collaboratively, need to be assessed for each category. In order to do this, the following criteria were selected:

- **Reduced unit prices** or volume discounts enabled through demand bundling, i.e. the demand is currently in an elastic price region where additional volume can actually lead to reduced unit prices
- Negotiation of **improved contractual terms** which are not directly measurable in monetary terms or cannot easily be translated to unit prices
- **Lower workload** obtained through running a joint tender as compared to running individual tenders, or through fewer organizations having to build up the expertise required to procure certain technically complex categories
- Benefits through **sharing information** on the specific commodity

Estimating the likelihood of success is more complex as this is multi-faceted and much more subjective. For the purpose of this project, the following criteria were considered the most appropriate to assess the likelihood of success of a collaborative procurement process:

- **Similarity of specifications**, i.e. the more similar the specifications of the purchasing UN organizations are in a given category, the likelier it is that the organizations can harmonize these specifications
- **Complexity of category**, i.e. specialized requirements vs. off-the-shelf procurement needs, also considering particular contracting challenges, particular process challenges etc.
- **Timing / scheduling** of existing procurement contracts, i.e. whether new procurement needs come up at the same time or whether some UN organizations have just established new contracts
- **Geographical match of demand and supply**, i.e. is the aggregation at the HQ level the best procurement strategy relative to the geographical level at which a supply market operates – globally, regionally or locally
- **Supplier base**, i.e. are there only few suppliers with limited capacity or is there a broad spectrum of suppliers with sufficient capacity, recognizing that the latter will make it easier to deal with supplier resistance during a collaborative procurement exercise
- **Emotionality**, i.e. how emotional is the procurement of a category for the respective UN organization, recognizing that the more strategic a category is for an organization’s mission and mandate, the more emotional it will be and the less flexible the organization will be to agree on specifications or give up a certain level of control over the procurement of the category
- **Support**, i.e. how strong is the support from the organization, from managers, from the legal department, from the procurement authority and most importantly from the requisitioners for a given category

In order to reduce the number of potential categories from the initial ones contained in the category long list, the above criteria were evaluated for each category with the help of a survey and a subsequent workshop. The workshop was set up with the objective to validate and enrich the collected information on the categories from the various sources through a mutual exchange and discussion.

### 3.3 Prioritized category short list

A survey run among the participating UN organizations helped to reduce the number of considered categories from 32 to 16. During a workshop which took place in December 2016, a discussion was held on each of the 16 shortlisted categories extending, verifying, and editing details of the potential categories as well as validating their impact / likelihood rating (for which the survey provided a preliminary baseline).

At this stage, the specific method of collaboration (the how), timing of existing contracts, detailed spend figures, resourcing and financing of a collaborative procurement project, and specific contracting modalities were not subject of the discussion of the workshop. These topics were considered premature at this stage where the key goals was to come to a prioritization of potential categories for joint procurement and will be approached in Phase II of the project. Figure 3 presents the overview of all categories after the discussion in the workshop. In this figure, the size of each circle represents the procurement volume of the UN system for this category. The largest circle as a volume of ~700m USD, the smallest circle a volume of ~25m USD. The colours of the circles indicate different priority groups. For each category, category deep dives have been developed that capture all relevant information on a category in a concise way, inter alia category spend, UNSPSC codes, supply and demand market, specific challenges, impact vs. likelihood rating, typical suppliers etc.

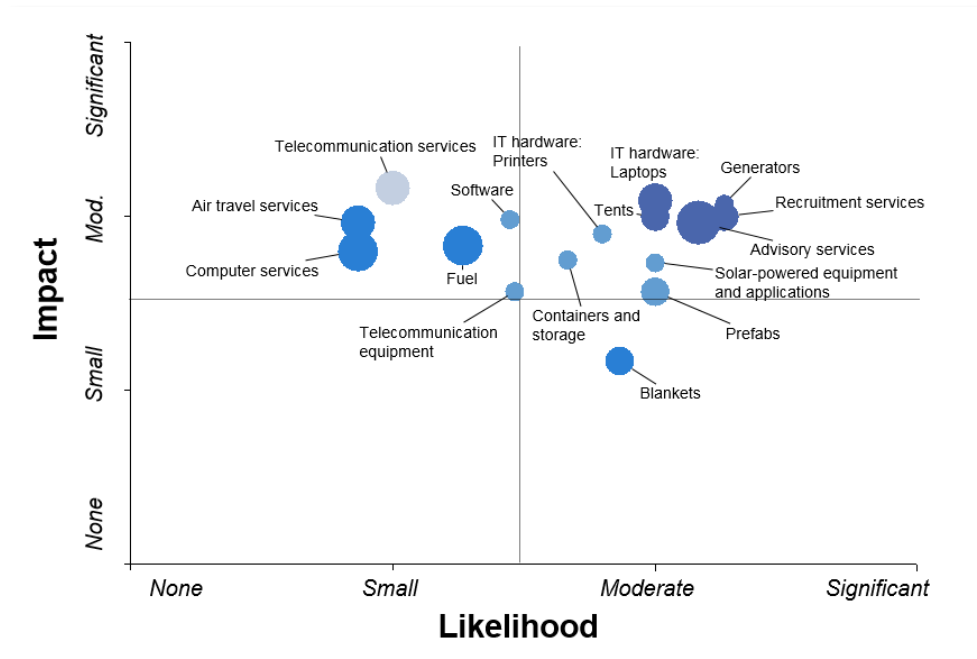


Figure 3: Impact / likelihood rating after workshop discussion

The categories **advisory services (consulting services)**, **generators (diesel generators)** and **recruitment services (executive search services)** show the highest potential for collaborative procurement in terms of their impact / likelihood rating. These categories have the additional advantage that only limited involvement of the requisitioners is required to engage in a collaborative procurement initiative.

Following these are the categories **tents** and **IT hardware: Laptops, desktops, monitors**. While these categories are also assessed positively in terms of their impact / likelihood rating, a strong involvement and support from the requisitioners or technical units is required here to enable a successful collaborative procurement project.

In the group of second priorities fall those goods and services with a somewhat lower impact rating, likelihood rating or both. These second priority categories include **IT hardware: multifunction printers and photocopiers, solar-powered equipment and applications, prefabricated buildings and structures, software, telecommunications equipment, and containers and storage.**

For IT hardware: multifunction printers and photocopiers, it was recognized that the biggest savings in this category are to be achieved by moving to centrally managed print services which not all (but many) UN organizations have implemented. For solar-powered equipment and applications, the biggest benefits were seen in sharing information between the technical units. The suggestion to establish a dedicated unit with specific expertise serving the needs of all the UN organization in need of these kinds of goods and services did not find wide support. On the remaining categories of this group, a number of sub-categories were identified for which joint procurement should be further explored and these are highlighted on the respective category deep dive slides.

In the next group is a single category: **telecommunications services.** On this category, the main takeaway has been that joint procurement on a global level is not sensible mainly due to the regulation of the market. However, it was assessed that joint procurement at a national or regional market can yield significant impact.

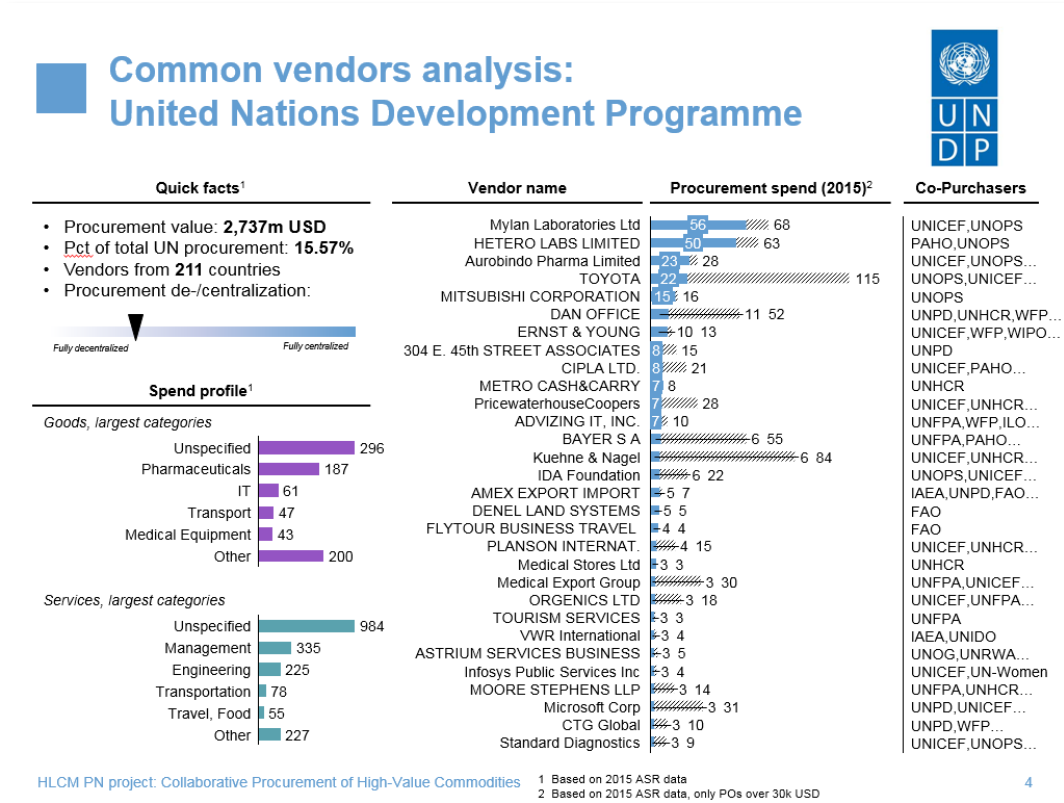
The final group contains categories for which no promising impact / likelihood rating was determined. This group contains **air travel services, fuel, blankets, and computer services.** The case of air travel services is particularly interesting as this is one of the “success stories” learnt from the World Bank Group when it underwent a similar review. There, the biggest savings came from behavioural changes of the users of the services but also significant discounts could be achieved from discounts on published airline ticket prices. The feasibility of establishing a similar global agreement for the UN system was regarded as very low. For fuel, the largest procurer of light vehicles fuel, i.e. diesel and petrol-powered vehicles, UNPD, regarded the room for collaborative procurement low due to the way this kind of fuel is distributed within the peacekeeping missions. Procurement of blankets is already centralized with UNHCR purchasing the vast majority of this category. Further centralization will not lead to significant additional benefits – with the exception of IOM potentially joining its demand for blankets with UNHCR. Finally, computer services turned out to be a category with a highly diversified spend, some of which is very inflexible (e.g. ERP-related spend) and other subcategories fairly small or local – overall not a category which lends itself easily to collaborative procurement.

### 3.4 Common vendors analysis

An additional analysis that was carried out was focused on determining existing common vendors. The hypothesis here was that if UN organizations already have the same vendor, there is a potential for collaborative procurement. In order to undertake this analysis, the detailed Purchase Order data available in the 2015 ASR was used. The dataset for this analysis contained ~30,000 PO lines with ~19,600 individual vendors with an overall volume of ~13.1bn USD.

After a number of data cleanup activities, the analysis revealed ~16,600 unique vendors. With this processed database, it was possible to determine common vendors. While it is likely that some of the spend going to common vendors is already based on collaborative procurement activities, it is also likely that these common vendors represent opportunities for exchange between the organizations and further collaborative procurement activities. Overall, it was found that from the ~13.1bn USD analyzed procurement spend about 7.06bn USD (or 54%) was procured from a vendor which was used by more than one organization. It was further found that a mere 1135 vendors (6.8% of all vendors) are supplying goods and services that total over 80% of the overall spend of the UN system.

In order to make this analysis actionable, a detailed overview sheet specific for each UN organization was developed which presented those vendors which the respective UN organization shares with at least one other UN organization. Figure 4 presents an example of this analysis for UNDP. Bars in blue show the UNDP spend with a certain vendor (only considering those POs contained in the raw data, i.e. mostly POs with a value over 30,000 USD). The shaded bars are the additional spend other UN organizations have with the same vendor. The names of these organizations are denoted at the very right side of this slide.



**Figure 4: Common vendors analysis – example: UNDP**

Common vendors are one indication of potential for collaborative procurement. In order to further detail and validate this potential, additional work is required from each UN organization including confirming the correct matching of vendor names (i.e. identify false positives), identify which POs were based on a procurement contract which was already established based on joint volumes and removing those POs / categories for which non-identical requirements have been procured. Finally, the remaining vendors can be further pursued for various collaborative approaches, including but not limited to identifying arbitrage opportunities (i.e. different prices paid for the same goods / services).

#### 4. Decisions and Recommendations

Phase I of the project was successfully concluded at the HLCM Procurement Network session in March 2017. In this meeting two decisions were reached concerning the project:

- **Decision 1:** The Procurement Network acknowledges the completion of Phase I of the project ‘Collaborative Procurement of High-Value Commodities’, welcomes its final internal report, and endorses the specific recommendations of the final report of Phase I of the project.
- **Decision 2:** The Procurement Network requests the launch of Phase II on May 1 with a revised scope focusing on the following two objectives:
  - Analysis and development and prioritisation of options based on expenditure review
  - Detailed analysis and ranking of cost-saving/efficiency opportunities.

The recommendations referred to in Decision 1 are as follows:

- **Recommendation 1:** Prior to engaging in any particular collaborative procurement project (i.e. for a certain category), the participating UN organizations should do a brief but honest self-assessment to determine if the prerequisites for a successful collaboration are in place
- **Recommendation 2:** The categories advisory services (consulting services), generators (diesel generators), recruitment services (executive search services), tents and IT hardware (laptops, desktops, monitors) should be further explored for their potential for collaborative procurement with first priority and with the objective of establishing a detailed implementation plan for the joint procurement of these categories.

- **Recommendation 3:** All participating UN organizations are encouraged to use the results from the common vendor assessment to engage with those organizations which already have contracts with the same vendors and thus identify, e.g., potential arbitrage opportunities.
- **Recommendation 4:** All UN organizations are encouraged to share their existing LTAs on the UNGM and make use of the LTAs that are shared on the UNGM. The UN organizations need to specifically engage their country offices when implementing this recommendation.

## 5. Outlook

Phase I of the project had the objective to provide a prioritized list of categories for which collaborative procurement initiatives should be undertaken.

Phase II of the project now needs to take these prioritized categories and further analyse their potential for collaborative procurement taking into account specific category spend, existing contracts and ongoing solicitations, develop the appropriate procurement collaboration strategy and contracting model, estimate costs and benefits of undertaking the collaborative procurement and deliver detailed implementation plans.

Phase II of the project was launched on May 1, 2017 with UNHCR as the lead agency bringing together all participating UN organizations. The Phase II project lead is Stephen Ingles ([ingles@unhcr.org](mailto:ingles@unhcr.org)) and the project manager is Alexander Blecken ([alexanderb@spotadvisory.com](mailto:alexanderb@spotadvisory.com)).

Following Phase II it is expected that the agreed collaborative procurement actions will be decided during 2017, and will commence thereafter. These actions are likely to take different forms, run to differing project timetables (most appropriate for the action in question), and involve different coalitions of actors (those who opt in to the action in question and for whom it is relevant). Leadership for these actions is expected to be distributed across different bodies in the UN under the supervisory umbrella of the HLCM Procurement Network Management Board.

## List of Abbreviations

ASR	Annual Statistical Report on United Nations Procurement
bn USD	Billion United States Dollars
BOS	Business Operations Strategy
CEB	Chief Executives Board for Coordination
CPAG	Common Procurement Activities Group
CPT	Common Procurement Team
ECA	Estimated Cost Avoidance
ERP	Enterprise Resource Planning
GPO	Group Purchasing Organization
HBP	Harmonization of Business Practices
HLCM	High-Level Committee on Management
HQ	Headquarters
JOF	Joint Operations Facility
LTA	Long-Term Agreement
mUSD	Million United States Dollars
PN	Procurement Network
PO	Purchase Order
UN	United Nations
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNGM	United Nations Global Marketplace
UNOG	United Nations Office at Geneva