

## Statement by UNICEF on Collaborative Procurement within the UN

6 September 2013

### Collaboration in procurement with UN agencies

UNICEF Supply Division (SD) tracks the procurement performed in collaboration with other UN agencies. The tables below show the current progress. Collaboration is understood as having performed one or more of the procurement steps with at least another UN agency – whether to determine common technical specifications, perform the quality assurance, pre-qualify suppliers and products, tender jointly, establish common LTAs or procure via another agency's LTA or system.

Table 1: UNICEF procurement value performed in collaboration with other UN agencies

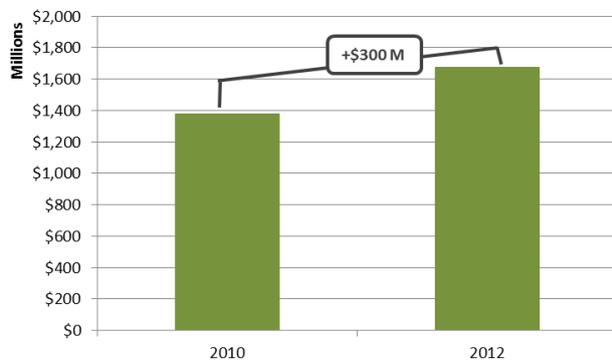
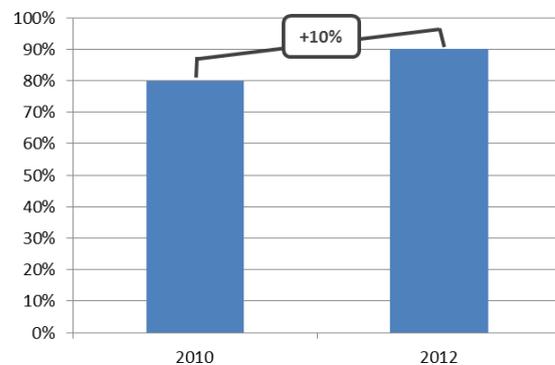


Table 2: Percentage of UNICEF's total procurement value performed in collaboration with other UN agencies



The actual procurement of specialized supplies is done taking advantage of the competencies of each UN agency and includes mechanisms established with UN agencies for the provision of procurement services. As such, the procurement is managed by agencies with the necessary procurement and programmatic expertise, experience and capacity. UNICEF offers procurement services to other UN agencies for vaccines, medicines, nutrition and medical supplies and other items for which UNICEF has expertise and capacity to ensure quality, competitive prices and delivery. Recent examples of these collaborations are the procurement of tuberculosis drugs through WHO/GDF, and reproductive health supplies through UNFPA, as well as UNDP procuring mosquito nets and hygiene kits through UNICEF.

More concrete examples of procurement collaboration are:

- the Global Freight Forwarding agreement, led by UNICEF and established in 2011, covering the international freight forwarding needs of UNDP, UNOPS, UNFPA, UNHCR, WFP and UNICEF
- the contract for Marine and Inventory Insurance, led by UNDP and established in 2013, covering the requirements of UNOPS, UNFPA, UNICEF, FAO and UNDP
- action in quality assurance, including reliance on the WHO pre-qualification system for vaccines, medicines and diagnostics and the development of harmonized standards for nutrition products (the latter with WFP as well as WHO)
- joint tendering for anti-malarials with WHO, for hospital supplies with UNFPA and for school equipment with UNHCR and UNDP
- the UNHCR-UNICEF LTAs on shelter equipment, resulting from a collaborative procurement process
- shared LTAs for WASH equipment with UNHCR and UNDP
- discussion on common approaches to construction projects with WFP, UNHCR, UNOPS and UNICEF

- re-using UNOPS procurement process for vehicles and also procuring vehicles via the LTAs by UNPD while being part of a procurement process led by UNDP in view of establishing common LTAs for vehicles

Additionally, the UN has Common Services in Copenhagen and Geneva, as well as shared LTAs with UNPD on office equipment and stationary in New York, and there is also extensive collaboration at country level, including joint product specifications, joint procurement for logistics and non-programmatic supplies, joint approaches in procurement.

### **Collaboration with UN agencies on the strategic direction in procurement via the High-level Committee on Management**

In addition to the UN joint procurement activities, the collaboration of UN agencies extends to discussing and agreeing to common strategic approaches on different topics related to and segments of the Supply Chain. This happens under the umbrella of the High-level Committee on Management Procurement Network (HLCM PN).

UNICEF is an active member of the HLCM PN and the Director, SD chaired it from 2010 to 2011 has been part of the Management Board for 3 years. UNICEF participates in several working groups, among which the ones on Professionalization, Vendor Registration, Procurement Harmonisation, and Sustainable Procurement.

Examples of the common achievements via the work in the HLCM PN where UNICEF has actively participated are:

- development, publication and adoption of the UN Procurement Practitioners Handbook
- development, publication and adoption of the Harmonised Procurement Guidelines, both at HQ and field level
- development and implementation of the UN Global Marketplace (UNGM) as the entry point for registration of vendors, which is currently under improvement to streamline the registration processes
- agreement to recognise other UN agencies procurement processes
- collaboration on vendor ineligibility and vendor sanctions, for which a Model Policy Framework has been developed on the procedures for vendor sanction
- development of technical guidance, such as on sustainable procurement and the approach to detect counterfeit and diversion of pharmaceutical and other health products
- organisation and participation to common UN Business Seminars for vendors and governments in programme and donor countries alike

### **Specific questions asked via the informal Board session**

- **How does your agency plan to implement para.155 of QCPR?**

UNICEF will continue to engage in joint/collaborative procurement and will contribute to the development and implementation of a common roadmap within the UN. This will be supported via the work of the HLCM PN including WG that support the implementation of the roadmap at country level.

- **Do you have a system of procurement plans? Are you able to share these plans with other agencies?**

Yes, UNICEF has a system of procurement planning. Procurement plans and strategies for the majority of our spend are developed, including with other UN agencies (and partners such as GAVI, GFATM as relevant). These are posted on the UNICEF website and UNGM.

- **Does your agency have provisions in your procurement regulations to facilitate joint procurement?**

Yes. UNICEF has adopted the UN Harmonised Procurement Guidelines at HQ, regional and country level. These guidelines facilitate the acceptance of other agencies' CRC process, etc.

Questions added by WEOG

**1. What is the overall volume of joint procurement compared to overall procurement (in USD)? How has this percentage developed over the last years? Which areas have not seen a growth in joint procurement? Why has joint procurement not been used more in these areas?**

Please refer to the above

**2. If all procurement by UN F&P would be done as joint procurement, how big would be the estimated potential savings?**

Savings are being achieved by aggregating procurement spend of F&P for shared products and services. Aggregating spend generically would not result in savings, but continuing to aggregate spend for common products and service will. Note, working with various partners (including WHO, Bill & Melinda Gates Foundation, GAVI, GFATM) UNICEF generated savings in procurement of \$197 million in 2012. Continuing to work in such partnership and with strategies to positively influence markets, UNICEF projects additional savings of at least \$810 million over the coming five years. (refer to p. 24-25 of UNICEF 2012 Supply Annual Report).

**3. Does UNOPS have a special role in procurement by UN F&P?**

Most of the procurement expertise in the UN exists because a range of products and services are core to the organisation implementing its mandate. Moreover, procurement is increasingly being used as a means to influence markets including sustainable local production of products. When products or services are specialised, an organisation managing procurement more generally would not likely have the expertise (technical knowledge of products, markets, etc.) for products (eg, vaccines) or perhaps the strategic focus and tools vis-à-vis influencing markets. In the case of more generic supplies UNOPS is an option as long as administrative costs aren't the more expensive option. (UNICEF has been evaluated and received advice on this aspect, including via DFID Procurement Capability Review, ECHO Humanitarian Procurement agency review, and our own internal audits and professional consultancies.)

**4. What would be the benefits / What the disadvantages of a stronger and more formalized cooperation in the area of procurement / the establishment of a single procurement agent for the UN F&P ("procuring as one")?**

Joint procurement is viable when applied to commodity categories which are common to F&P. This has been proven to be successful for certain services common to agencies, e.g, freight forwarding, cargo insurance, travel, admin supplies, Information and Telecommunications Services, etc. This is also the case for specific commodities which agencies share common mandates/objectives as referred to above.

A single procurement agent for F&P would not translate to improved efficiency and effectiveness. In fact, a general consolidation could jeopardise the savings and positive influence on markets mentioned above.

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