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Financial, budgetary and administrative matters

Report of UNDP, UNFPA and UNOPS on joint procurement activities

Summary

UNDP, UNFPA and UNOPS continue their commitment to joint procurement by initiating, supporting and participating in initiatives and activities globally to pursue benefits and opportunities that have resulted in stronger procurement practices, more efficient processes and lower costs for the participating organizations.

Since the report on these projects in 2017, the organizations have continued to expand and strengthen internal reporting requirements, resulting in the ability to provide more quantitative information and analysis on joint procurement. The report includes details on the diversity and nature of joint procurement within the three organizations, reaffirming the value of the initiative and the commitment of the participating organizations.

The present report presents key findings and outcomes from the joint procurement work conducted in 2017 and highlights initiatives under way in 2018.

Elements of a decision

The Executive Board may wish to take note of the present report and comment on the joint procurement activities delivered in 2017, as well as activities in progress in 2018.



I. Introduction

1. Joint procurement initiatives have been part of the activities undertaken by the procurement units of UNDP, UNFPA and UNOPS since 2011. In 2017, the three organizations continued their commitment to performing these activities in order to harmonize business practices and improve the effectiveness and efficiency of United Nations procurement.
2. Joint procurement is conducted through a number of initiatives and activities, comprising:
 - (a) Increasing usage of existing agreements or contracts of other United Nations organizations ('piggybacking');
 - (b) Establishing and using joint long-term agreements through 'lead agency' approach;
 - (c) Using procurement services of or procuring from other United Nations organizations;
 - (d) Other formal collaborations with United Nations partners, through:
 - (i) Participation in a joint procurement unit; or
 - (ii) Joint or common procurement activities with other organizations (sharing of specifications, for example).
3. The savings obtained from joint procurement initiatives reduce the costs of the projects, either directly, through tangible savings, or indirectly, through cost avoidance. Savings and reduction of costs are obtained by:
 - (a) Increasing value for money through improved planning, requirements gathering, discounts and better negotiation power;
 - (b) Improving coordination, consistency and planning across organizations;
 - (c) Reducing parallel processes and transaction costs;
 - (d) Improving supplier relationships;
 - (e) Applying better procurement risk management;
 - (f) Promoting the concept of 'One United Nations' among the private sector; and
 - (g) Sharing purchasing experience, information, expertise and learning.¹
4. Where applicable, the savings are reprogrammed into project work or programmatic activities. This delivers further support to projects and programmes as savings are realized.
5. Progress on putting collaborative procurement frameworks in place is being made in several headquarters duty stations. In New York, the participating organizations jointly mapped their procurement needs in the form of a "common user items list". In this exercise, the agencies identified over 30 items that are commonly procured across the organizations. To respond strategically to the needs, the agencies have jointly developed and/or identified over 90 long-term agreements (LTAs). These LTAs offer better contractual terms and reduce the average transaction lead-time by 5-20 days per transaction.
6. While many large contracts are developed at headquarters, there is an increased emphasis on collaboration at the country level. Country-level joint procurement activities – evident in over 30 'Delivering as One' countries – focus on capacity building, policy harmonization, advisory services, and tools to facilitate joint processes and achieve results.
7. The inter-agency joint procurement initiative has led to significant savings and a range of other benefits across the United Nations system. The following initiatives from 2017 and 2018 reflect the commitment to and participation of UNDP, UNFPA and UNOPS in joint procurement.

¹ *Harmonizing UN Procurement: Common UN Procurement at the Country Level*, High-level Committee on Management Procurement Network Working Group on Harmonization, version 3.1. March 2015.

II. 2017 highlights – joint procurement activities

8. In 2017, UNDP, UNFPA and UNOPS reported a combined volume of more than \$302 million for their joint procurement initiatives and activities globally. This excludes data on other agencies using UNDP/UNFPA/UNOPS as vendors (as captured by the *Annual Statistical Report on United Nations Procurement*).² The share of the reported initiatives and activities from the three organizations are shown in table 1, below.

Table 1.

Volumes of joint procurement activities reported, 2017

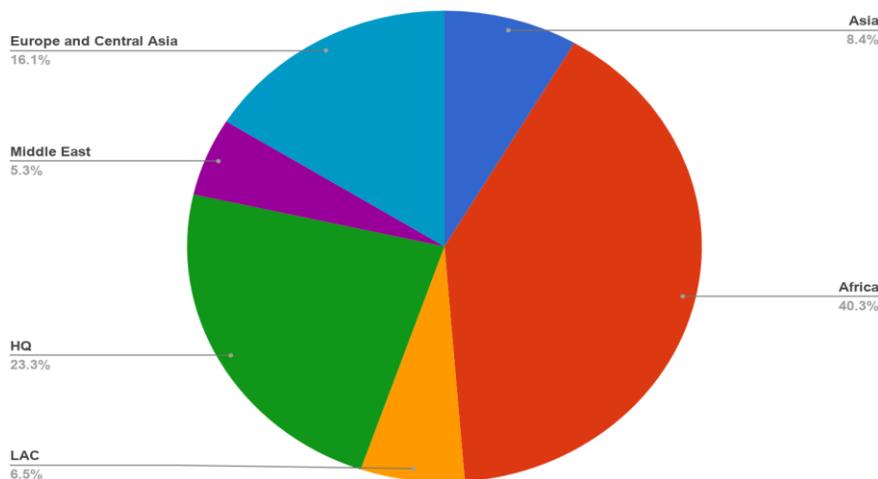
UNFPA	\$20,004,167
UNOPS	\$92,192,267
UNDP	\$190,645,610
Total	\$302,842,044

Regional distribution of joint procurement

9. Joint procurement conducted directly in programmes, projects and country offices is evident throughout the three organizations. Figure 1 shows the geographical spread of these activities in 2017.

Figure 1.

Regional distribution of joint procurement activities, 2017

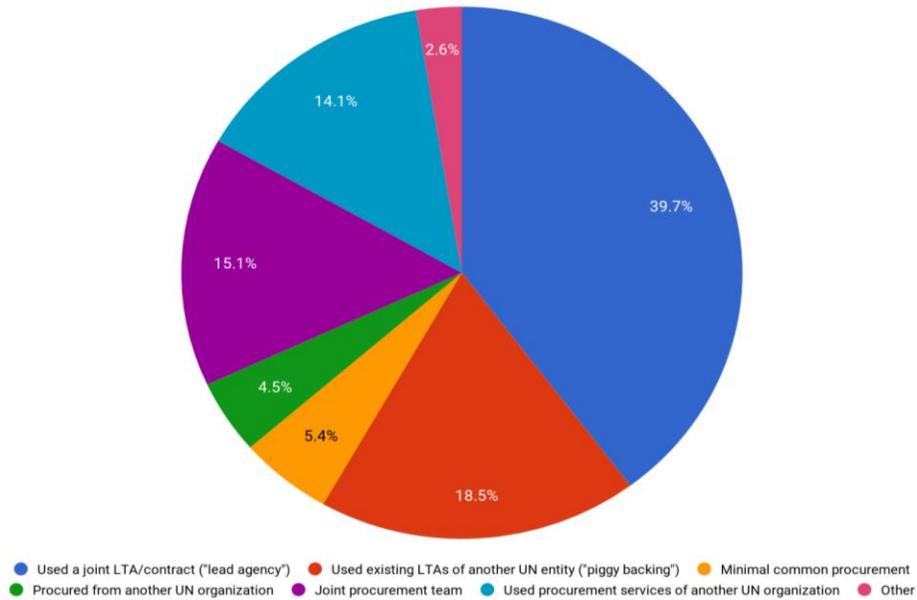


Categories of collaboration initiatives

10. Figure 2 details the volumes of initiatives and activities conducted by UNDP, UNFPA and UNOPS in 2017 according to six types of joint procurement. The use of existing joint long-term agreements/contracts ('lead agency') represents the majority (40 per cent) of joint procurement in 2017.

² Please note that the collaborative procurement figures for UNDP, as reported in the *Annual Statistical Report on United Nations Procurement*, only represent a subset of the total volume due to enterprise resource planning systems not capturing the full span of collaborative procurement activities. The figures provided above have been directly supplied by the procurement units of the UNDP country offices and are therefore more comprehensive.

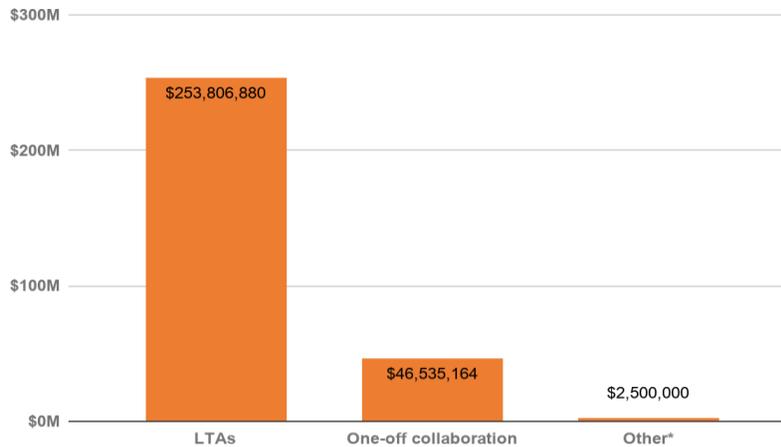
Figure 2.
Joint procurement initiatives by activity and initiative type, 2017



Type of collaborative contract

11. LTAs represent the majority of collaborative contract types with 84 per cent and one-off collaborations amount to only 15 per cent.

Figure 3.
Joint procurement initiatives by type of collaborative contract, 2017



* Detailed information not available.

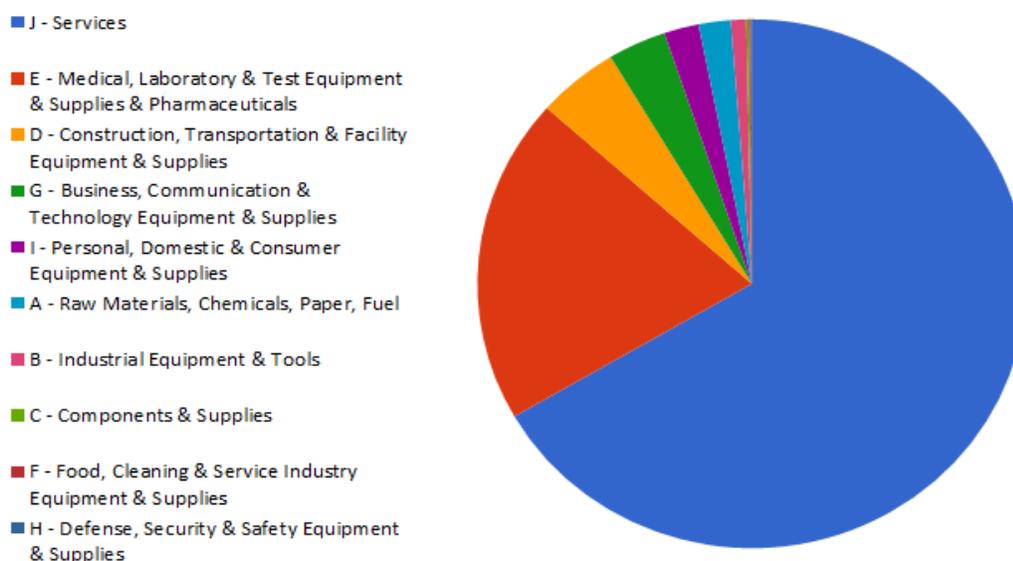
Top categories purchased through joint procurement

12. The top 10 high-class categories of goods and services purchased through joint procurement are: services (66.6 per cent); medical, laboratory and test equipment and supplies

and pharmaceuticals (19.9 per cent); construction, transportation and facility equipment and supplies (4.8 per cent); business, communication and technology equipment and supplies (3.4 per cent); personal, domestic and consumer equipment and supplies (2 per cent); raw materials, chemicals, paper and fuel (1.9 per cent); industrial equipment and tools (0.9 per cent); components and supplies (0.2 per cent); food, cleaning and service industry equipment and supplies (0.1 per cent); and defense, security and safety equipment and supplies (0.1 per cent).

Figure 4.

Top 10 high-class categories of products and services purchased through joint procurement activities, 2017



13. Table 2 represents the top 10 categories of goods and services in initiatives and activities conducted, documenting the diversity of the joint procurement of UNDP, UNFPA and UNOPS in 2017.

Table 2.

Top 10 categories of goods and services - joint procurement activities, 2017

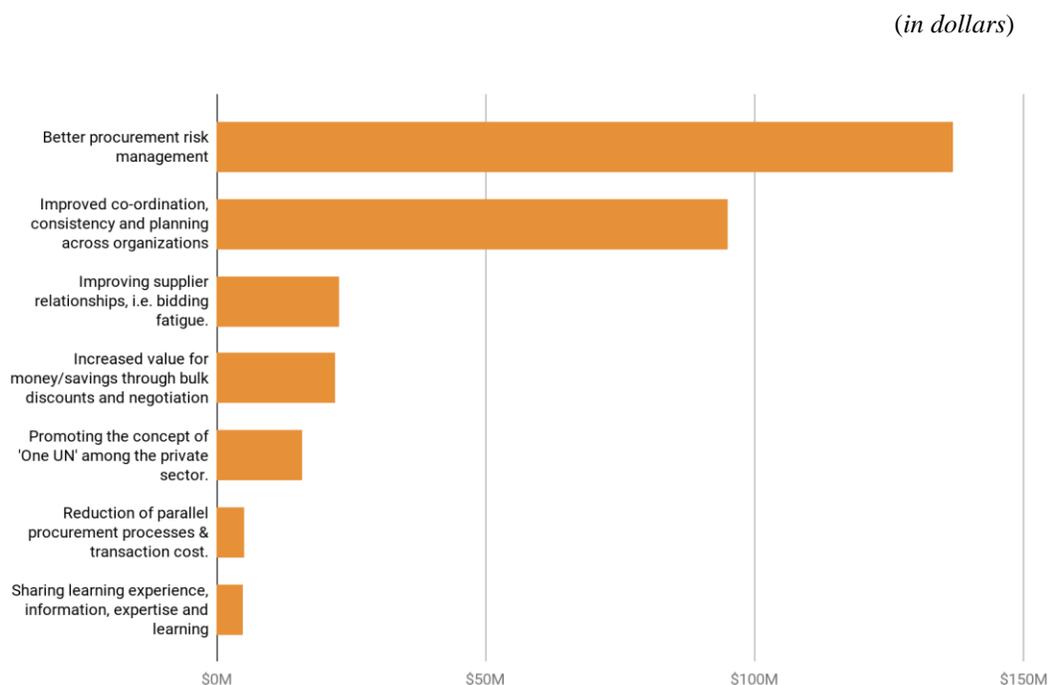
Category description (United Nations Standard Products and Services Code-family level)	2017 volume (in \$) / Percentage (%)
Commercial airplane travel	\$56,114,048 / 26.5%
Medical equipment and accessories and supplies	\$52,532,069 / 24.9%
Freight forwarders services	\$23,853,702 / 11.3%
Travel agencies	\$18,324,434 / 8.7%
Security guard services	\$15,967,273 / 7.6%
Light rail vehicle transport services	\$12,996,977 / 6.2%
Meeting facilities	\$11,103,346 / 5.3%
Marine cargo transport	\$9,478,712 / 4.5%
Pharmaceuticals (including contraceptives and vaccines)	\$5,741,146 / 2.7%
Gasoline or petrol	\$5,323,115 / 2.5%

Reported benefits of joint procurement

14. The estimated cost avoidance (ECA) gained from the procurement activities in 2017 documents the prevalence of added value through joint procurement activities. There are three ECA types: ‘added value through joint procurement activities’ (60.6 per cent of joint activities); ‘one-time purchases’ (20.1 per cent); and ‘costs avoided through a directly negotiated contract’ (19.3 per cent). It is not possible to quantify the exact annual cost reduction for 2017.

15. As previously described, there is a number of benefits resulting from joint procurement initiatives and activities. In 2017, UNDP, UNFPA and UNOPS reported the breakdown of types of benefits gained from joint procurement (figure 5).

Figure 5.
Share of types of benefits reported in 2017



The United Nations Global Marketplace

16. The United Nations has committed itself to granting market access to its procurement volume, ensuring open competition and fairness. The United Nations Global Marketplace (UNGM) continues to be a valuable online procurement resource for the United Nations community, providing the global vendor community access to United Nations procurement

17. Since the implementation of the Vendor Registration Reform Project in late 2013, the number of vendors registered on the UNGM has significantly increased (416 per cent since 2013).

18. The number of vendors registered on the UNGM has increased by 267 per cent reaching over 150,000 registrations in 2017. In the previous years, the number of vendor registrations from developing countries and economies in transition has progressively exceeded the number of vendor registrations from developed countries: in 2017, 67 per cent of vendors registered on UNGM are from developing countries or countries with economies in transition. In 2017, 8,578 procurement notices were published on the United Nations Global Marketplace, an increase of 17 per cent compared to the previous year.

Long-term agreements available on the United Nations Global Marketplace

19. United Nations organizations are increasing collaboration through the sharing and utilization of long-term agreements. This is evident from the steadily increasing number of United Nations organizations that have developed long-term agreements shared through the United Nations Global Marketplace. There are over 502 active LTAs available through UNGM, covering a wide range of category segments. This improves collaboration between United Nations organizations, providing access to the efficient use of procurement resources, and laying the foundation for savings and cost avoidance.

20. In 2018, the primary focus of the United Nations Global Marketplace secretariat is to continue building upon the functionality and performance of existing features. In addition, 2018 will see the development of a commodity-specific registration track, which will facilitate the registration of vendors for specialized commodities and services. These suppliers have to meet high qualification and evaluation standards and have previously been dealt with outside of the UNGM system. In the first instance, these commodities will include food products such as grains and cereals, and can be expanded to include complex categories such as air operations and pharmaceutical products.

21. Particular development focus will continue to be placed upon system interface capability to further facilitate the integration of United Nations e-procurement and enterprise resource planning systems, in order to increase the automation of procurement processes and tender notifications.

Increased utilization of joint long-term agreements

22. The utilization of LTAs is steadily increasing within the United Nations procurement community, where agencies have:

- (a) Used existing long-term agreements or contracts of other United Nations organizations ('piggybacking' approach) in order to reduce administrative costs; to benefit from preferential rates already achieved; or, in some cases, to take advantage of the expertise the other organization has developed in procuring certain commodity groups;
- (b) Cooperated in a joint solicitation process ('lead agency' approach). Where procurement projects relate to categories closely aligned to the mandate of an organization, the procurement process is further improved by assigning a 'lead agency' status. This model is used to consolidate procurement volumes to achieve rates and prices that no single organization could obtain on its own. Ultimately, this model can minimize inefficiencies and reduce workload for all participating organizations.

'Lead agency' and 'piggybacking' approaches

23. The majority of the collaborative initiatives and activities in 2017 were using either a 'lead agency' approach (39.7 per cent) or a 'piggybacking' approach (18.5 per cent). Tables 4 and 5 show the shares of the different categories of goods and services in these joint procurement initiatives and activities.

Table 4.
Largest categories of goods and services procured through a ‘lead agency’ approach, 2017

Categories - ‘lead agency’ approach	2017 volume (in \$)
Commercial airplane travel	\$53,069,058
Freight forwarders services	\$17,465,626
Light rail vehicle transport services	\$12,690,541
Marine cargo transport	\$9,457,853
Travel agencies	\$8,084,369
Meeting or banquet rooms	\$4,359,211
Residential rental	\$2,713,794
Tour arrangement services	\$1,075,500
Hotels and lodging and meeting facilities	\$882,479
Security guard services	\$769,757

Table 5.
Largest categories of goods and services procured through a ‘piggybacking’ approach, 2017

Categories - ‘piggybacking’ approach	2017 volume (in \$)
Commercial airplane travel	\$5,352,330
Travel agencies	\$5,173,351
Pharmaceuticals (including contraceptives and vaccines)	\$3,475,000
Medical equipment and accessories and supplies	\$3,296,385
Station wagons	\$3,194,013
Computers	\$6,194,857
Armoured fighting vehicles	\$2,000,000
Light trucks or sport utility vehicles	\$1,677,377
Ambulances	\$1,234,178
Armoured motor vehicles	\$1,172,540

Joint procurement teams, formalized collaboration and minimal common procurement

24. Formalizing joint procurement locally through a joint or common procurement team, or through collaborative sourcing activities, lays the foundation for identifying new ways of ensuring that procurement continues to add value to programmes and projects. Through these teams, inter-agency procurement needs are identified locally, and work plans are developed to deliver joint sourcing activities. In 2017, UNDP, UNFPA and UNOPS reported a volume of over \$45 million for activities involving joint procurement teams or collaboration in the development of specifications and sourcing activities.

25. Minimal common procurement refers to activities that can be undertaken together as a form of United Nations cooperation to save cost and effort, including: sharing specifications or developing common specifications, joint sourcing, participation in multi-agency business seminars, or cooperation in recurring low value procurement of common requirements. In 2017, UNDP, UNFPA and UNOPS reported a volume of more than \$16 million for activities involving minimal common procurement processes.

Using procurement services of other organizations

26. In a number of locations and circumstances, it is appropriate or necessary to procure directly from another United Nations organization or to request that another United Nations organization carry out certain procurement activities on behalf of an agency. This joint procurement approach is particularly beneficial for procurement in categories where there is a mandate, recognized expertise or available resources for the procurement of the particular goods, works or services.

27. In 2017, UNDP, UNFPA and UNOPS reported cases where procurement was conducted with another United Nations organization, or through the procurement services of that organization. In monetary volume, this accounted for over \$56 million in purchases.

Global third party logistics services

28. UNDP, UNFPA and UNOPS are part of a collaborative tender process for global third party logistics services for which UNICEF is the lead organization. The process, started in 2015, was completed in the second half of 2017. The results have been shared with all participating agencies and the outcome of this process will be used for the next three years. The new long-term agreements should result in improved trade and visibility of shipments; clearer accountability; increased transparency through an 'open-book' policy; and improved performance management through standardized key performance indicators across participating organizations.

29. UNFPA started utilizing the global third party logistics services LTAs ('piggybacking' on LTAs established by UNDP) in mid-2017, and has obtained from this collaboration the following benefits: (a) freight forwarders under shared LTAs have the capacity to cover a wide range of destinations, including complex landlocked countries, freight services that were not served by manufacturers' freight forwarders; (b) freight forwarders under UNDP LTAs are able to offer a wide range of shipment modes (sea, road and air shipments) to enable UNFPA to cater for the special requirements of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) principal recipients; (c) most importantly, UNFPA obtained savings on sea freight costs for high-value shipments where secondary biddings are required for freight values over \$50,000. The use of UNDP LTA freight forwarders allowed UNFPA to save \$217,500 in four shipments, which represents a 28 per cent freight costs savings, compared to offers made by manufacturers through their own freight forwarders.

III. Highlights of activities in progress in 2018

Shared long-term agreement for information technology services

30. The LTA with information technology (IT) consolidators established by the UNDP Procurement Services Unit encompasses a large scope of IT equipment and services, where consolidators are proven to add relevant value and risk mitigation. This is extremely useful to cope with the typical requests from field offices and projects. The LTA is set up to include secondary bidding amongst the LTA holders which, within ceiling LTA prices and conditions, proves to be an effective and rapid manner to ensure availability of items, and best value for money for each specific project. The LTA holders respond to the profile of expert consolidators specialized in IT equipment, integration, professional services and delivery to difficult destinations, where in many cases they are requested to find a partner to provide support services under their responsibility. These LTAs were established by UNDP and made available to UNFPA.

Joint vehicle procurement by multiple United Nations agencies

31. UNDP led the joint international competitive tender on the procurement of vehicles for the United Nations system – together with UNFPA as well as the World Food Programme (WFP), the United Nations Children's Fund (UNICEF), the Office of the United Nations High Commissioner for Refugees (UNHCR), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the World Meteorological Organization (WMO). The process resulted in 11 contracts with Nissan, Toyota, Ford, Renault, Kia and Hyundai for 22 models of vehicles, with guaranteed prices up to 2020 and available to all United Nations agencies. The contracts were issued by UNDP, with an estimated annual value of \$80 million over five years for light vehicles and an additional \$20 million per year for spare parts and support services. The contracts represent immense savings in transaction costs and time as well as availability of several options for the procurement of vehicles in the United Nations system.

Collaboration on fleet management and vehicle tracking LTA and carpooling

32. UNDP, UNFPA and UNICEF collaborated on the establishment of a fleet management and vehicle tracking LTA that has proven to be very useful for many country offices and resulted in savings on the management of vehicles. The three agencies also implemented carpooling in five country offices, resulting in efficiency gains in fleet management.

Collaboration between UNFPA and WFP

33. In 2017, UNFPA reported on a collaborative initiative with WFP uniting the expertise of UNFPA in the procurement of reproductive health supplies with the logistical leadership of WFP. The “Partnering for Supply Chain Results” initiative was launched in June 2016 with the aim of creating mutually beneficial economies of scale.

34. The pilot, which focused on upstream supply chain activities, allowed WFP to support and organize the logistics for a number of UNFPA shipments being sent to 20 pilot countries which were mostly hard to reach and landlocked.

35. Phase II of the initiative, which will continue throughout 2018 and beyond, aims to explore new areas for collaboration between UNFPA and WFP, including further expansion of in-country activities as there are many opportunities for streamlining operations.

Strengthening of procurement capacity

36. UNDP, in cooperation with the leading qualification institution in the industry, the Chartered Institute of Purchasing and Supply (CIPS), has established the tailor-made UNDP/CIPS procurement certification programme from levels 2, 3 and 4 in full compliance with international qualification standards. The programme is offered to all United Nations agencies, governments and non-governmental organizations for the professionalization of the procurement function in the United Nations system and the public sector. The UNDP/CIPS programme has been awarded the European Supply Chain Excellence Award for Training and Professional Development (2012), and the World Procurement Finalist Award (2016), among several other industry recognitions. UNDP is also the partner of choice for the governments in implementing capacity development programmes for public procurement. Large-scale country-wide procurement training and certification programmes have already been implemented in Liberia, Guyana, Barbados, Trinidad and Tobago, and more countries are in the pipeline for similar support in 2018. These interventions also include revisions of procurement policies, procedures, institutional restructuring and reforms in public procurement. In 2017, UNDP successfully certified 887 partner government personnel, 651 United Nations staff and 386 UNDP staff on the UNDP/CIPS procurement training courses. Certification increased by 23 per cent, compared to 2016, indicating a greater demand for these services.

Collaboration with non-United Nations partners

37. The Coordinated Supply Planning Group (CSP) is the cross-organizational group led by UNFPA and the United States Agency for International Development, and works – with the participation of John Snow Inc., the Global Health Supply Chain–Procurement and Supply Management, the Clinton Health Access Initiative and the Reproductive Health Supplies Coalition – to prevent family planning commodity stock imbalances by using shared supply-chain data and information to better coordinate shipments and the allocation of resources within and amongst countries. The group continued its work throughout 2017, specifically relating to the coordination of one-rod and two-rod implantable contraceptives and three-month injectable contraceptives. Throughout the year, CSP supported efforts to secure additional funding worth \$12.4 million to procure family planning products for 14 countries in order to avert stock-outs, while also ensuring that any unused capacity (e.g. due to cancellation of orders) was immediately allocated to countries most in need. The group also worked closely with the manufacturer of the one-rod implant in order to ensure an equitable distribution of placebo/trainer implants for use in training health workers in country.

38. The CSP work helped to save an estimated \$1.8 million worth of orders by recommending cancellation or reduction of orders, while an additional \$1 million worth of orders were delayed to prevent overstock in countries. The savings and additional funding secured by CSP allowed to provide an additional 7 million couple-years-of-protection.

39. Throughout 2018, CPS will continue to work towards its goal of achieving greater efficiencies and reducing global supply risk to all programmes receiving family planning commodity support through continuous, collaborative development of forecasts and supply plans. The group will be driving the process to engage with other organizations and manufacturers to address specific issues that affect availability of and access to family planning products. This project shows that collaboration is not limited to stay within the United Nations; it is an example of the many collaborations with other non-United Nations partners.

40. The partnership between the Global Fund and UNFPA is increasing access to male and female condoms, which remain a key component of high-impact HIV prevention programmes. The partnership has common strategic priorities and creates an environment in which, together, the Global Fund and UNFPA can achieve higher procurement volumes, lower prices and faster delivery times. In this way, the access to HIV/AIDS-related products is maximized for the people that need them. In 2017, Global Fund recipients in 42 countries received male and female condoms and lubricant amounting to a value of over \$10 million.

41. Under Global Fund grants that UNDP manages, in 2016 and 2017, savings of \$29.6 million in the procurement of antiretroviral drugs were generated in reduced unit costs as compared to the previous year. These savings are reinvested to support increased health service coverage or to strengthen national supply chain systems. In Zimbabwe, the Global Fund has approved a \$13.4 million investment for 500 health facilities (the Solar for Health champions) drawing on savings realized through UNDP procurement of HIV medicines.

Collaboration between UNFPA and UNDP

42. Over the last few years, UNFPA and UNDP have intensified their collaboration in the procurement area. Of key value is the use of the UNDP IT consolidator LTAs (see paragraph 29), on which UNFPA has successfully piggybacked throughout the year, resulting in the organization saving a lot of resources. The background for the resource saving is two-fold: firstly, because the design of the LTA itself is flexible in that it covers a very wide range of items not limited to the exact item specifications, thereby eliminating the need to undertake a full-fledged procurement process whenever item specifications differ slightly. Secondly, because the LTA requires secondary bidding for every request; this typically results in securing the best possible prices at any given point in time. The UNGM is now assessing whether this LTA can be made available to the United Nations as a central LTA for IT equipment, which would give further market influence for the Organization vis-à-vis these IT suppliers. Furthermore, UNFPA and UNDP have agreed for UNFPA country offices to use the UNDP contract review services. In addition to saving resources, as UNFPA will not have to establish its own review committees in every country and develop an IT platform to undertake this function, a UNDP centralized review committee function in countries should contribute to better information sharing, across United Nations agencies, of the supplier situation in the country.

Sharing of sustainable procurement practices among agencies

43. UNDP is actively promoting economic, social and environmental sustainability in procurement. In support hereof, UNDP has delivered numerous “sustainable public procurement” training workshops to United Nations agencies and partner governments at multiple locations. Sustainability is also one of the core curriculum components in the UNDP/CIPS certification programme at levels 2, 3 and 4. UNDP is thus establishing a system-wide harmonized approach to lifecycle costing and sustainable procurement in the United Nations system through these training courses, and all the 651 procurement practitioners who participated in these trainings in 2017 have been trained to apply life-cycle costing methodologies in their procurement processes. In addition, UNDP has incorporated sustainability criteria including women empowerment in the revised request for proposal and the invitation to bid. These achievements have been shared as part of the UNDP contributions to the development of sustainable procurement indicators by the Task Force on sustainable procurement of the High-level Committee on Management (HLCM).

44. In early 2017, UNOPS and the United Nations Environment Programme (UNEP) relaunched the Sustainable Procurement Working Group of the HLCM Procurement Network with revised terms of reference and renewed interest from several agencies, including UNDP, UNICEF, FAO, UNFPA, UN-Women and the World Bank. Originally created in 2007, the working group aimed to facilitate the integration of sustainable procurement interventions in the procurement activities of the United Nations system. The group has since been active in promoting the sustainable procurement agenda and has been responsible for spearheading the development of several tools for United Nations practitioners, including training courses, guidelines, frameworks, case studies, and more. With the revised terms of reference, the working group now acts as a collaborative platform for sharing experiences and knowledge on sustainable procurement. It has also initiated a project to create an official definition for what the United Nations constitutes as a “sustainable tender”, so that this will lead to improved measurement, reporting and increased adoption of sustainable procurement.

45. In 2018, UNOPS will continue to train United Nations agencies in sustainable procurement following the success of the new UNOPS/UNEP one-day training programme on sustainable procurement. This course was developed and piloted in 2017 and attended by approximately 40 senior procurement officials from various Geneva-based agencies including the International Labour Organization (ILO), the International Organization for Migration, the World Intellectual Property Organization, WMO, UNEP, UNAIDS, the International Trade Centre, the International Telecommunication Union, the World Health Organization (WHO), the Office of Internal Oversight Services, the World Trade Organization and the Office of the United Nations High Commissioner for Human Rights.

Collaboration of United Nations agencies on Sustainable Procurement in the Health Sector

46. The United Nations Informal Interagency Task Team on Sustainable Procurement in the Health Sector (SPHS) was established in May 2012 to facilitate and coordinate the introduction of sustainable (green) procurement in the health sector among the members, and to leverage the normative mandate and joint procurement volumes of member agencies to influence the global health aid market towards greener health systems and green economies. It convenes 10 members – seven are United Nations agencies (UNDP, UNEP, UNFPA, UNHCR, UNICEF, UNOPS, WHO) and three are multilateral health financing institutions (GAVI, the Vaccine Alliance; the Global Fund to Fight AIDS, Tuberculosis and Malaria; and the International Drug Purchase Facility [UNITAID]). Together, these 10 SPHS members command a cumulative purchasing power in the global health sector of around \$5 billion annually, representing a sizeable portion of the global market in pharmaceuticals and other health products. SPHS members leverage this purchasing power to promote sustainable procurement within their respective organizations to improve human health and reduce greenhouse gases emissions and chemical pollution. UNDP is the host of the SPHS initiative.

47. SPHS promotes the integration of sustainable procurement systems into global health aid policies and practices, facilitating the process of developing and setting targets and timelines for an overall reduction in the United Nations environmental footprint, and ensuring the principle of doing no harm. The online engagement platform (savinglivesustainably.org) that was developed facilitated sharing of knowledge and experiences on the introduction of innovative products and processes in the market, sharing of reports on environmental footprints and sustainable procurement performance, and commitment to targets and accounting for progress. UNDP developed an engagement strategy with suppliers and manufacturers on green procurement in the health sector and UNFPA has greened the entire production of their male condoms resulting in 3,600 tonnes on non-emitted carbon-dioxide equivalent.

UNOPS, UNICEF and UNDP practical guidance on conducting financial evaluations based on total cost of ownership

48. In 2017, in line with the efforts to advance the achievement of best value for money in procurement, UNOPS, UNICEF and UNDP began drafting a practical guidance document on how to conduct financial evaluations based on total cost of ownership. The guidance, to be finalized in 2018, will include several calculators for information and communications technology, vehicles and generators, which the organizations will seek to pilot with individual tenders. This will also include a further exploration for the incorporation of health products and commodities for the total cost of ownership tool in 2018. The lessons learned from this exercise will be shared with the HLCM Procurement Network Sustainable Procurement Working Group.

Estimated cost avoidance and reduction methodologies

49. UNOPS and UNDP are members of the United Nations Common Procurement Activities Group in Geneva. This group is leading efforts towards the simplification and harmonization of procurement practices within the Geneva-based international organizations, with the objective of increasing efficiency and effectiveness of the United Nations procurement activities. The

estimated cost avoidance and estimated cost reduction initiatives are looking at establishing agreed approaches, definitions and data capture methodologies, where cost savings have been realized through procurement interventions. This initiative will result in savings reporting being standardized and aligned across United Nations agencies based in Geneva.

United Nations-wide methodology on procurement savings

50. UNOPS will lead a project on behalf of the HLCM Procurement Network to define and agree a United Nations-wide methodology on procurement savings. This will enable a consistent approach in defining, capturing, calculating and reporting procurement savings across all organizations in the United Nations to partners, donors, member states and other stakeholders.

Collaboration between UNDP and ILO

51. ILO is piggybacking on the UNDP Microsoft Office 365 cloud services LTA, which is a major IT requirement and is benefiting from efficiency gains in terms of the rates obtained based on the UNDP large volume.

United Nations-wide commodity study

52. UNICEF is leading a major project on collaborative procurement of IT hardware and has engaged with members of the Procurement Network to establish a project team in order to:

- (a) Discuss the various options and scope the requirements;
- (b) Plan and undertake any tendering exercise;
- (c) Establish agreements and share the outcome with all United Nations organizations.

53. In connection with the above exercise, UNICEF will leverage on the work already conducted by UNDP that recently established LTAs with several large IT consolidators.

Collaboration between UNFPA and UNICEF

54. The harmonization of procurement procedures is a focus area for country-level procurement operations. For this reason, the UNICEF Supply Division and the UNFPA Procurement Services Branch set up a joint procurement process in order to establish a 2+2 year-LTA for the supply of medical furniture for both agencies' country offices. The total procurement volume for these LTAs is approximately \$100 million annually.

55. At the beginning of 2018, the UNFPA Procurement Services Branch signed two LTAs, covering more than 30 products. UNFPA has led the coordination of the invitation to bid, while UNICEF has taken the lead on the technical evaluation. The collaboration has been very successful. Both agencies have taken advantage of each other's expertise, saved resources by conducting one single procurement process that was more attractive to suppliers as procurement volumes were combined.

Development of joint procurement

56. In 2018, UNFPA will lead a project on behalf of the HLCM Procurement Network aiming at developing standard procurement templates to be used by all United Nations agencies. As the organization moves towards establishing more joint operation facilities at country level, such common templates will be needed by the joint procurement teams. The expected benefits include avoidance of cost duplication, as documents will be readily available, and consistency in the way the United Nations approaches and engages with suppliers. While this project will be led by UNFPA, the deliverables of this project will be produced by a project team consisting of a broad representation of United Nations organizations.

IV. Conclusion

57. UNDP, UNFPA and UNOPS continued to focus on joint procurement in 2017, initiating, supporting and participating in initiatives and activities globally to pursue benefits and opportunities for savings and efficiency gains. These initiatives and activities are of not only an administrative nature – as was the case at their inception in 2011 – but now also cover a wide range of products and sectors in direct support of projects and programmes.

58. Joint procurement initiatives continue to provide both tangible and intangible benefits to UNDP, UNFPA and UNOPS, and to other participating United Nations organizations. These include delivering savings, avoiding costs, eliminating duplication of work and increasing consistency, leading to stronger projects and country office procurement.

59. UNDP, UNFPA and UNOPS will continue to pursue joint procurement opportunities at both central and regional levels, continuously increasing their commitment to work together across a broad range of products, and share these with the wider United Nations system.
