



# General Assembly

Distr.: General  
11 August 2009

Original: English

---

## Sixty-fourth session

Item 126 of the provisional agenda\*

### **Review of the efficiency of the administrative and financial functioning of the United Nations**

## **Comprehensive report on United Nations procurement activities**

### **Report of the Secretary-General**

#### *Summary*

The present report provides information on the implementation of the procurement reform agenda proposed by the Secretary-General in his report of 14 June 2006 (A/60/846/Add.5 and Corr.1) aimed at strengthening internal controls, optimizing the procurement process and establishing a strategic procurement function, while promoting procurement opportunities for vendors from developing countries and countries with economies in transition. The present report also follows up on the previous comprehensive report of the Secretary-General on United Nations procurement activities (A/62/525) and outlines in detail in its addenda the proposed governance structure of the Secretariat procurement function (A/64/284/Add.1) and the concept of sustainable procurement (A/64/284/Add.2). It also responds to various requests of the General Assembly and highlights the achievements of the Secretariat procurement function. Annex I to the report provides information on General Assembly resolutions and reports of the Secretary-General containing procurement reform mandates and indicates the relevant paragraphs of the report.

The Procurement Division has contributed significantly to peacekeeping operations and provides essential support for the implementation of field mission mandates. In addition, it enhances Secretariat logistical supply mechanisms with commercial sources. Finally, procurement operations have evolved over the past three years by adopting industry best practices in the delivery of services to its clients at Headquarters and in the field.

---

\* A/64/150.



Substantive reform has been achieved in key areas over the past three years, in particular with regard to strengthening the oversight, management and range of vendors; mastering of internal controls; compliance with the Financial Regulations and Rules and the Procurement Manual; and improvement of human resources involved in procurement through intensified training and ethics and the adoption of improved information technology practices. At the same time, the foundations have been laid for a robust strategic procurement function and the forthcoming enterprise resources planning system. The Secretariat regards procurement reform as an ongoing process and therefore remains committed to the continuous improvement of the procurement function and associated activities of the acquisition cycle. Concerted efforts have been made to implement all the reform initiatives outlined in document A/60/846/Add.5 and Corr.1 and the Secretariat has embarked on additional initiatives to further promote the reform agenda, especially in the area of participation of vendors from developing countries and economies in transition.

## Contents

	<i>Page</i>
I. Introduction .....	4
II. Strengthening the internal control mechanism of the United Nations procurement function ..	7
A. Governance .....	7
B. Information technology .....	12
C. Ethics, integrity and conflict of interest .....	13
D. Staff management .....	14
E. Training of staff .....	14
III. Optimization of the acquisition and procurement management process .....	15
A. Partnership in procurement activities with other organizations of the United Nations system .....	15
B. Best value for money principle .....	16
C. Contract management .....	16
IV. Strategic management of United Nations procurement .....	18
A. High-level Committee on Management Procurement Network .....	18
B. Increasing procurement opportunities for vendors from developing countries and countries with economies in transition .....	18
C. Sustainable procurement and other initiatives .....	23
V. Conclusions and recommendation .....	24
Annexes	
I. Procurement reform mandates .....	25
II. Procurement volume by country and territory, 2008 .....	26
III. Goods and services procured from developing countries, countries with economies in transition and least developed countries, 2008 .....	28
IV. Schedule of business seminars .....	30

## I. Introduction

1. There has been a significant increase in the volume of procurement conducted at the United Nations Secretariat, as illustrated in figures I and II below, which show an increase in the procurement volume for Headquarters and peacekeeping missions from \$1,310,565,098 in 2004 to \$3,172,271,966 in 2008 as a result of the unprecedented surge in peacekeeping operations. This represents a 142 per cent increase in value, with a corresponding increase in the resources of the Procurement Division of 50 per cent during the same period (see table 1). Table 1 shows that the volume of procurement at United Nations Headquarters increased by 68 per cent, from \$258.4 million in 2007 to \$434.6 million in 2008. During the same period, the procurement volume for peacekeeping missions conducted by the Procurement Division increased from \$714.4 million in 2007 to \$1,305.6 million in 2008, an increase of 83 per cent. Procurement conducted by peacekeeping missions increased by 54 per cent, from \$931.4 million in 2007 to \$1,432.1 million in 2008. This figure includes purchase orders placed by peacekeeping missions against the systems contracts negotiated and executed by the Procurement Division. The procurement value of such orders was \$466.9 million in 2007 and \$768.4 million in 2008. The value of procurement under Procurement Division system contracts represents approximately 50 per cent of procurement by peacekeeping missions. In addition, there was an increase in the number of purchase orders from 13,192 in 1999, to a peak of 22,177 in 2005, and 21,578 in 2008. The decrease in the number of purchase orders between 2006 and 2008 was due to the adoption of more efficient procurement practices, such as the increased utilization of systems contracts and the consolidation of the requirements of peacekeeping missions.

2. Table 1 and figure III illustrate staffing trends within the Procurement Division from 2004 to 2008. As shown in figure III, during the period from 2004 to 2006, the volume of procurement increased substantially (52 per cent), while staffing levels remained virtually constant. The staffing levels then increased by 43 per cent in 2007, while procurement volume decreased slightly, by 4 per cent. In 2008 a dramatic increase in procurement volumes occurred whereby the total expenditure increased by 67 per cent but staffing levels increased by only 3 per cent. The trend described above clearly indicates a disproportionate ratio of work volume to staffing. Consequently, the Procurement Division has been barely able to cope with the increase in volume and complexity of the workload with the present staffing. It is therefore apparent that the capacity of Procurement Division staff has been overstretched and may not be able to continue absorbing the increased workload caused by surges in peacekeeping operations. The high workload and low staffing increases the potential for a deficient acquisition process and increases the risk associated with all activities of the procurement function. The Procurement Division will therefore require additional staff if it is to keep up with an increased volume of work to support peacekeeping operations.

Figure  
Value of purchase orders, 2004 to 2008

I

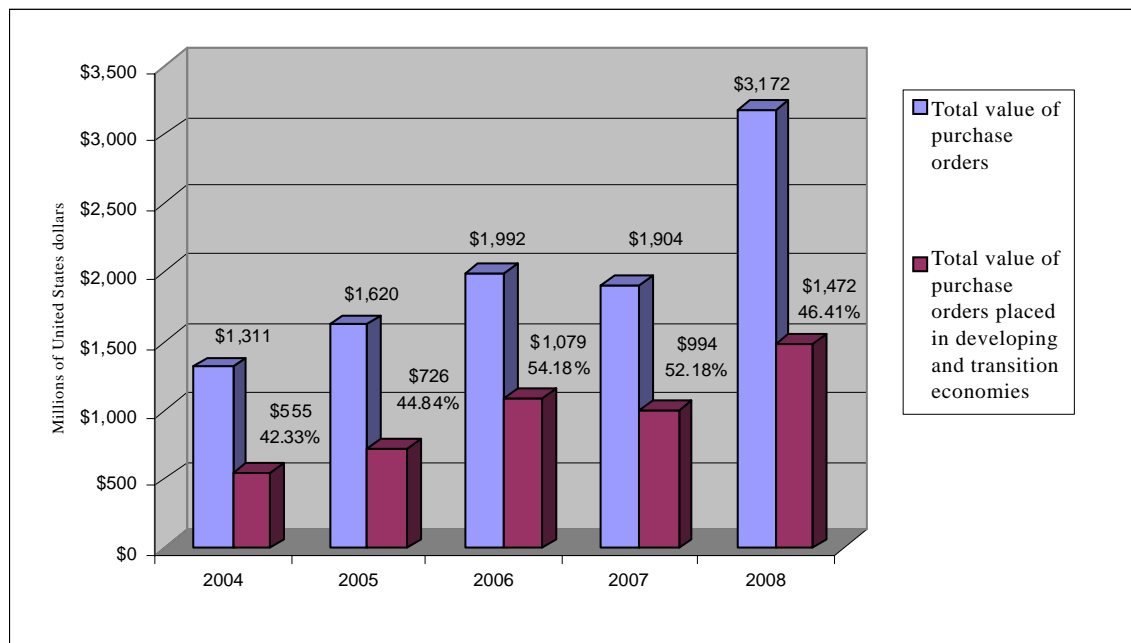


Figure II  
Number of purchase orders, 2004 to 2008

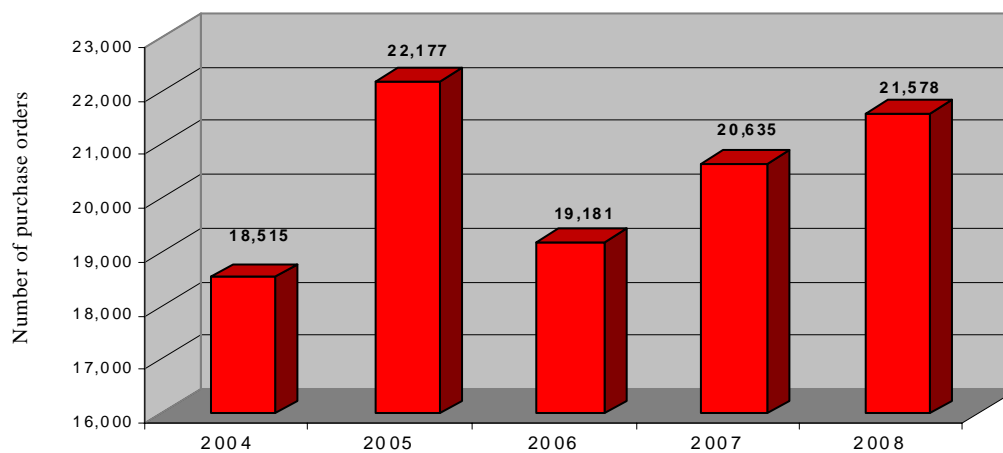
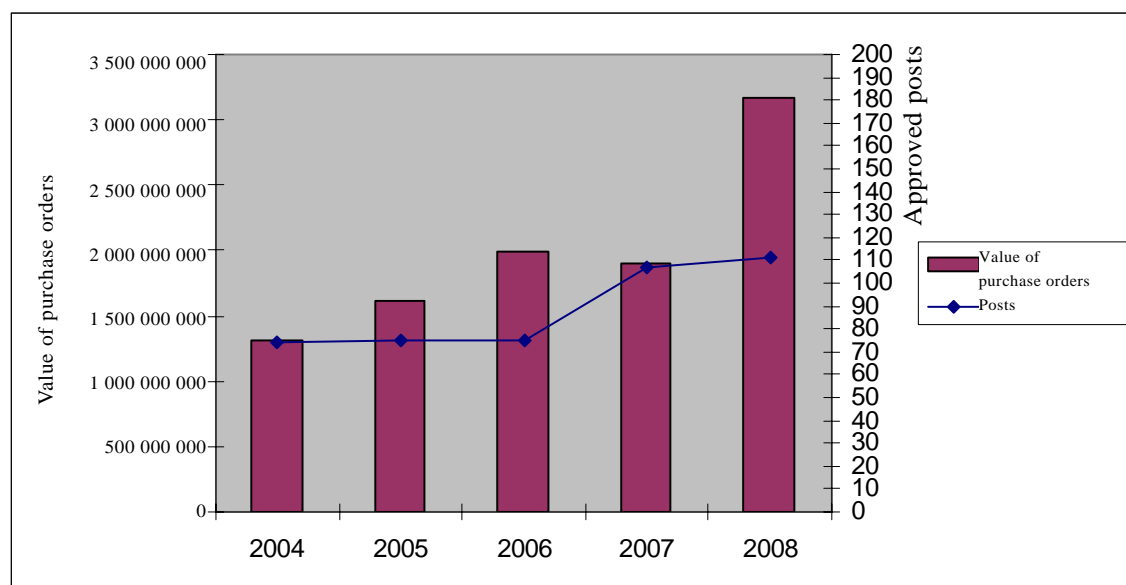


Table 1  
**Breakdown of procurement volume, 2004 to 2008**  
 (United States dollars)

		2004	2005	2006	2007	2008
<b>Total procurement</b>	<b>Number of purchase orders</b>	<b>18 515</b>	<b>22 177</b>	<b>19 181</b>	<b>20 635</b>	<b>21 578</b>
(A+B+C)	Value of purchase orders	1 310 565 098	1 619 943 831	1 991 636 864	1 904 258 090	3 172 271 966
Procurement Division procurement for Headquarters	Number of purchase orders	2 016	2 198	1 940	2 226	1 890
(A)	Value of purchase orders	193 655 561	181 126 021	208 107 499	258 421 136	434 607 288
Procurement Division procurement for peacekeeping missions	Number of purchase orders	2 309	2 093	1 553	1 721	2 301
(B)	Value of purchase orders	655 168 508	601 244 621	600 623 783	714 415 896	1 305 605 640
Peacekeeping missions procurement	Number of purchase orders	14 190	17 886	15 688	16 688	17 387
(C)	Value of purchase orders	461 741 030	837 573 189	1 182 905 582	931 421 058	1 432 059 038
(C-1) Peacekeeping mission procurement against Headquarters system contracts	Number of purchase orders	607	1 478	1 759	2 576	2 855
	Value of purchase orders	107 506 803	229 607 070	271 802 475	466 903 423	768 362 839
(C-2) Peacekeeping mission local procurement	Number of purchase orders	13 583	16 408	13 929	14 112	14 532
	Value of purchase orders	354 234 227	607 966 119	911 103 107	464 517 635	663 696 199
<b>Approved posts of the Procurement Division<sup>a</sup></b>		<b>74</b>	<b>75</b>	<b>75</b>	<b>107</b>	<b>111</b>

<sup>a</sup> Based on the financial year from June to July of the following year. For example 2008 above refers to 1 July 2008 to 30 June 2009.

**Figure III**  
**Value of purchase orders as a function of approved posts**  
 (United States dollars)



## II. Strengthening the internal control mechanism of the United Nations procurement function

### A. Governance

#### Governance structure

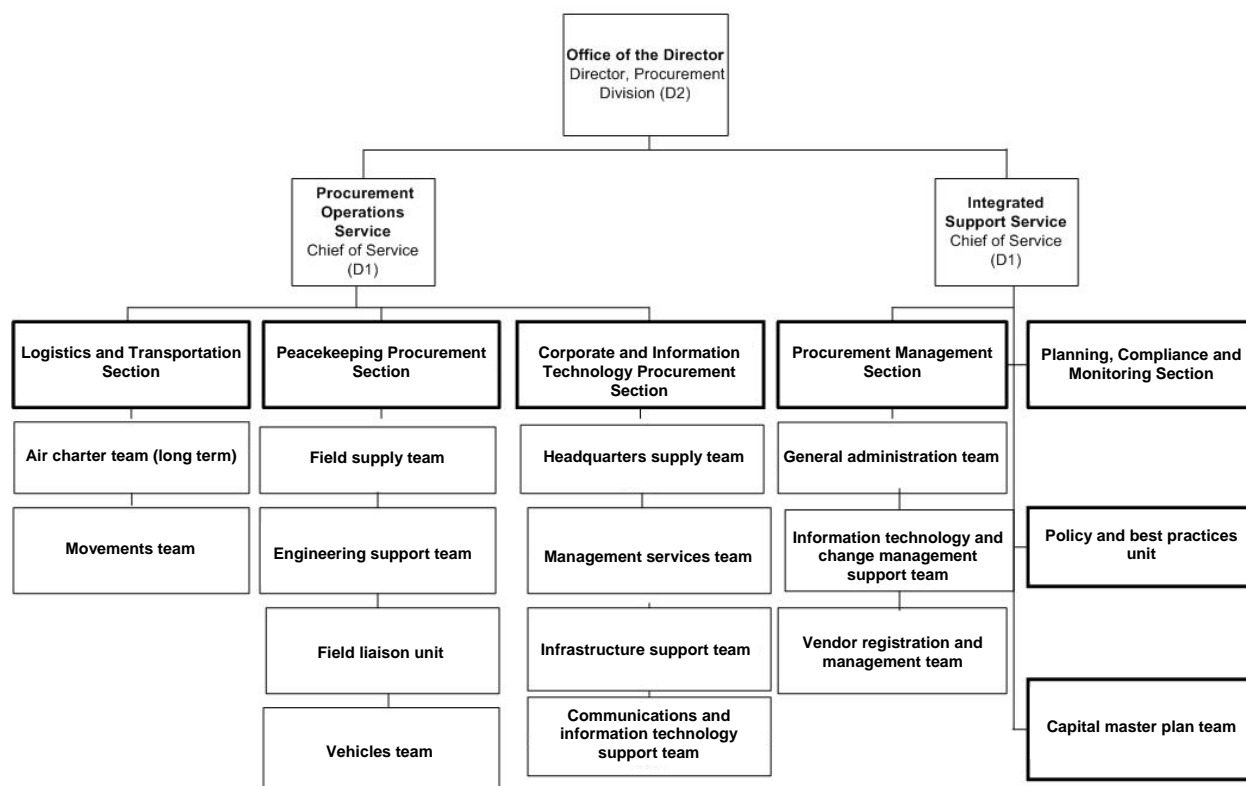
3. In paragraph 6 of its resolution 62/269, the General Assembly requested the Secretary-General to respond to requests made in its resolutions 59/288, 61/246 and 61/276 and to submit a report on procurement governance, with full justification of the reasons for the delay. The report of the Secretary-General on procurement governance is contained in an addendum to the present report (A/64/284/Add.1).

#### Restructuring of the Procurement Division

4. During the course of 2008, the restructuring of the Procurement Division was successfully implemented as set out in the report of the Secretary-General contained in document A/60/846/Add.5 and Corr.1. The operational strategic goals of the Division have been geared towards the creation of a customer-focused entity with the ability to respond in a timely manner not only to the dynamic environment of today's peacekeeping operations but also to the requirements of other internal clients. The Division has continued in its efforts to further enhance internal control mechanisms and other strategic initiatives to improve the procurement function. To that end, the structure of the Division has been reorganized into two services; the Procurement Operations Service and the Integrated Support Service (see figure IV). Procurement Operations Service is the operational arm of the Division and is responsible for undertaking procurement, while the Integrated Support Service is

responsible for providing administrative and information technology support, vendor registration, compliance monitoring and policy and best practices support.

Figure IV  
**Organization chart of the Procurement Division**



5. The Secretary-General continues to emphasize the need to maintain a balance between the two Services, such that as more resources are allocated to the operational side to cope with the increased workload, additional resources must be allocated to the support side to enable it to provide adequate support to the operational side.

6. In the financial year ending 30 June 2009, only one additional P-2 and two General Service (other level) posts and three general temporary assistance posts were approved for the Procurement Division. The current level of staff resources under the support account for peacekeeping operations has been stretched to its maximum capacity. Lack of additional resources could have a significant impact not only on service delivery, but also on other core functions, such as training, compliancy and vendor management.

#### **Pilot project for the independent system to address challenges to procurement awards**

7. Pursuant to the requests of the General Assembly in its resolutions 61/246 and 62/269, in June 2009 the Secretariat launched a pilot project for a system to



challenge procurement awards. The system became operational on 1 August 2009, for an initial trial period of 12 months. Accordingly, when a contract award for a major acquisition project is challenged by an unsuccessful bidder, and after a mandatory debriefing procedure, an independent award review board comprising internal and external experts will review a vendor's challenge to the award. The board will make recommendations to the Under-Secretary-General for Management for a final administrative decision. Since this is a pilot project and owing to a lack of specific additional funding, the Board will be initially serviced by the Headquarters Committee on Contracts secretariat. The process will not only allow vendors an avenue to be heard, but will provide the Procurement Division with further opportunities to improve process and procedures while enhancing credibility and confidence in the United Nations procurement process with potential suppliers. Instructions have been posted on the Internet and standard documents are being amended accordingly. Operational experience will be reported to the General Assembly following the pilot phase.

### **Oversight of vendors**

8. In its resolution 61/246, the General Assembly took note of the report of the Secretary-General on procurement reform (A/60/846/Add.5 and Corr.1). In line with paragraphs 28 and 29 of that report, a Senior Vendor Review Committee was established on 15 June 2009 chaired by the Director of the Ethics Office with administrative support provided by the Procurement Division. The purpose of the Review Committee is to provide independent advice to the Under-Secretary-General for Management on proposed sanctions in cases of allegations of fraud, corruption or unethical behaviour on the part of vendors registered with the Secretariat. The Committee has been established for a trial period of one year, following which a report will be submitted to the Assembly on the operational experience gained.

### **Compliance monitoring**

9. The rate of implementation by the Procurement Division of audit recommendations of the Office of Internal Oversight Services (OIOS), the Joint Inspection Unit and the Board of Auditors increased significantly in 2007. The implementation rate was further improved in 2009 as a direct result of the establishment of the Planning Compliance Monitoring Section in 2007. The Division needs additional capacity, however, to support its efforts to effectively respond to queries from the oversight bodies and to monitor the implementation of recommendations in the light of the growing number of reviews by those bodies. In this regard, the Division responded to 13 oversight reports between August 2008 and June 2009.

### **Independence of the Headquarters Committee on Contracts**

10. In paragraph 44 of its resolution 62/269, the General Assembly recalled its request in resolution 59/288 to review without delay options to better safeguard the independence of the Headquarters Committee on Contracts, and encouraged the Secretary-General to develop further measures to mitigate higher exposure to financial risk. Recommendation 1 of the OIOS report on the functioning of the Headquarters Committee on Contracts (A/58/294) indicated that the Under-Secretary-General for Management should review the organization chart of the Office of Central Support Services and consider removing the secretariat of the

Headquarters Committee on Contracts from under the administrative authority of that Office and placing it under the Office of the Under-Secretary-General; while at the time of the issuance of the OIOS report, the Administration did not accept that recommendation, it was subsequently implemented in order to better safeguard the independence of the Headquarters Committee on Contracts function. The Chair of the Committee, who is the head of its secretariat, reports to the Under-Secretary-General directly from an administrative point of view. Operationally, the Committee is independent. Furthermore, the Committee is composed of members from functional areas — the Office of the Under-Secretary-General for Management, the Office of Programme Planning, Budget and Accounts, the Office of Legal Affairs and the Department of Economic and Social Affairs. The members participate in the deliberations of the Committee on a part-time basis, and officially report to their supervisors in the respective Departments.

### **Accountability and delegation of authority**

11. The Secretary-General has consistently reaffirmed his strong commitment to ensuring further strengthening of accountability within the Organization. As stated in paragraph 45 of his comprehensive report on procurement activities (A/62/525), delegation of procurement authority has been used as a primary instrument to address personal accountability issues in the execution of the procurement function; this still remains the case while the Organization continues to develop measures to ensure corporate accountability and for risk management. Regular reviews of delegation of authority are carried out among staff whose functions relate to procurement. The financial threshold of procurement cases that are vetted by the Headquarters Committee on Contracts was increased in 2008, following an oversight body recommendation and taking inflation into consideration and taking into account that the previous review was in 1996. The threshold was raised from \$200,000 to \$500,000. As a result, the delegated procurement authority of the Under-Secretary-General for Field Support and the Director of the Procurement Division was increased to \$500,000. The increase in delegated authority has led to faster processing of minor, non-strategic procurement cases, which benefits the end user.

### **Subcontracting**

12. In its resolution 62/269, the General Assembly noted with concern the risks that the Organization might be exposed to owing to the lack of disclosure regarding the issue of subcontracting and that subcontractors had not been required to comply with the relevant rules of the Organization. The issue of subcontracting was taken into consideration during the extensive revision of the United Nations General Conditions of Contract in January 2008. OIOS was consulted during that process on many of the provisions of the revised General Conditions, including how subcontractors should be managed in contracts of the United Nations.

13. Article 5 of the General Conditions of Contract sets forth the understanding between the Organization and contractors concerning the oversight of subcontractors as follows:

“5. Subcontracting: In the event that the Contractor requires the services of subcontractors to perform any obligations under the Contract, the Contractor shall obtain the prior written approval of the United Nations. The United

Nations shall be entitled, in its sole discretion, to review the qualifications of any subcontractors and to reject any proposed subcontractor that the United Nations reasonably considers is not qualified to perform obligations under the Contract. The United Nations shall have the right to require any subcontractor's removal from United Nations premises without having to give any justification therefor. Any such rejection or request for removal shall not, in and of itself, entitle the Contractor to claim any delays in the performance, or to assert any excuses for the non-performance, of any of its obligations under the Contract, and the Contractor shall be solely responsible for all services and obligations performed by its subcontractors. The terms of any subcontract shall be subject to, and shall be construed in a manner that is fully in accordance with, all of the terms and conditions of the Contract."

14. As provided by article 5 of the General Conditions of Contract, United Nations contractors are required to disclose the identity of their subcontractors prior to entering into any agreements with subcontractors. In addition, the United Nations, at its sole discretion, has the right to reject any subcontractor. Consequently, the United Nations has the approval over the presence and identities of all entities and personnel involved in its activities.

15. With respect to concerns regarding the ability to hold subcontractors accountable, article 5 requires the contractor to assume all responsibility for the management and performance of its subcontractors and the terms of any subcontract are subject to all the terms and conditions of the contract with the United Nations. Consequently, the contractor is responsible for ensuring that a subcontractor complies with all laws, ordinances, rules and regulations bearing upon its performance, as stipulated in the General Conditions. A subcontractor's failure to do so would subject the contractor to liability under its contract with the United Nations. Furthermore, accountability under contracts ultimately rests with the Organization's contractors. Their failure to hold subcontractors accountable results in the contractors breaching their contractual obligations to the United Nations. The ability of the United Nations to hold the contractor responsible for all services and obligations to be performed under the contract could be undermined if the Organization were to seek to exercise more direct control over the contractor's subcontractors. Therefore, to go beyond the current practice and require additional disclosures by contractors and their subcontractors beyond what is required in article 5 would not bring any additional protection to the Organization. The General Conditions of Contract are posted on the Procurement Division website at <http://www.un.org/depts/ptd/conditions.htm>.

### **Specifications**

16. Also in its resolution 62/269, the General Assembly reiterated the need to ensure that specifications are not deliberately tailored to predetermine the choice of supplier. In this regard, the Secretary-General strongly believes that the use of generic specifications is a prerequisite for any credible procurement process in the United Nations, and as such the Procurement Division has put in place mechanisms to reinforce this requirement. As a result of the Lean Six Sigma process improvement initiative referred to in paragraph 40 below, a mandatory statement of work template and a statement of work checklist were introduced in 2009 to guide requisitioners in preparing generic specifications.

17. Through the mechanisms mentioned above and the Procurement Manual, the Procurement Division will be able to provide guidance to requisitioners on how to write specifications correctly. To that end, section 8.2 of the Procurement Manual states that “the requisitioner shall use his or her best efforts to develop the scope of the requirement through generic technical specifications that would allow a prospective vendor to meet the identified need”. In addition, the Division provides training to requisitioners on the procurement process. Clear, generic and unambiguous specifications are key to ensuring not only that the Organization achieves value for money, but also robust competition within the marketplace.

#### **Updating of the vendor database**

18. The Procurement Division, in close consultation with staff managing the United Nations Global Marketplace, continues its efforts to prepare the vendor database for the transfer of data to the forthcoming enterprise resource planning system. In addition, the Division, in coordination with the Department of Field Support and offices away from Headquarters, is working to centralize the Secretariat vendor registration and database in the Global Marketplace. Part of this exercise will include the migration of vendor databases in peacekeeping missions and offices away from Headquarters to the Global Marketplace. Peacekeeping missions will be able to maintain local vendor databases with the Global Marketplace.

#### **Streamlining of the vendor registration process**

19. In response to the request of the General Assembly in paragraph 14 of its resolution 62/269, a new and streamlined vendor registration process was implemented in 2008 to facilitate online registration on the United Nations Global Marketplace website. The registration criteria were revised to allow vendors to register according to the value of the tenders in which they wish to participate. The revised registration criteria are supportive of small and local businesses from developing countries and countries with economies in transition, as they allow such vendors further opportunity to select a level of registration that matches their financial and operational capacity. This new approach allows small and local vendors with limited resources to access business opportunities in low risk and low value procurement without onerous registration procedures. Further information on the revised registration process and criteria is posted on the Procurement Division website at <http://www.un.org/depts/ptd/register.htm>.

## **B. Information technology**

#### **Enterprise resource planning**

20. The disparate information technology systems currently in use in the Secretariat and in field missions, which do not interface with each other, deprive management of the opportunity to improve the procurement process and facilitate the most favourable commercial outcomes.

21. The contract for the new enterprise resource planning software for the United Nations is currently being negotiated. The selected software, if confirmed, would enable the United Nations to support the complete procurement process with one single information technology application, rather than utilizing several different softwares as is currently necessary. The enterprise resource planning system will

provide a unified database and will bring United Nations procurement practices into line with industry norms. It is expected that the system will have built-in internal control mechanisms that will restrict users to initiate only business transactions they have been authorized to undertake and that are within their delegated procurement authority. The new system will also provide additional tools for oversight and other appropriate internal controls. Accordingly, the system may be considered to be a compliancy tool and will go a long way towards addressing the weaknesses identified by the oversight bodies in the current information technology systems used in the Procurement Division and field missions. In addition, the system will be used as a springboard to strategize procurement within the Secretariat and for the development of a corporate procurement culture that is integrated into the acquisition process. It is expected that an internal corporate procurement strategy to guide management decisions in interacting with the supply market will generate savings as a result of economies of scale.

### **Enterprise resource planning and the governance of procurement**

22. Enterprise resource planning is essential for the implementation of the new procurement governance framework. When fully deployed across the Organization, it will lead to pooling of all data and provide a single and seamless portal for the United Nations Secretariat procurement function.

## **C. Ethics, integrity and conflict of interest**

### **Definition of conflict of interest**

23. As noted by the General Assembly in paragraph 12 of its resolution 62/269, conflict of interest is not officially defined under the current United Nations rules and regulations. The Secretary-General therefore proposes the following definition of conflict of interest: "A conflict of interest occurs when a staff member's private interests, such as outside professional relationships or personal financial assets, interfere or appear to interfere with the proper performance of his or her professional functions or obligations as a United Nations official". Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets, political or other outside activities and affiliations while in the service of the United Nations, employment after retirement from United Nations service or the receipt of a gift that may place the staff member in a position of obligation. A conflict of interest also includes the use of United Nations assets, including human, financial and material assets, or the use of United Nations office or knowledge gained from official functions for private gain or to prejudice the position of someone the staff member does not favour. A conflict of interest may also arise in situations where a staff member is seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone they favour, to benefit from the staff member's decisions.

### **Voluntary declaration of potential conflict of interest**

24. Procurement staff members continue to receive mandatory training in ethics and integrity. In order to complement the financial disclosure programme administered by the Ethics Office, the Procurement Division has introduced a mechanism by which staff members involved in the procurement process may

voluntarily alert the Ethics Office and procurement management to any potential conflict of interest arising from a relationship between the staff member or his or her immediate family and a vendor.

#### **Policy on gifts and hospitality**

25. Pursuant to paragraph 11 of General Assembly resolution 62/269, the Under-Secretary-General for Management is currently reviewing provisions for inclusion in an administrative instruction on gifts and hospitality and the further promulgation of the zero tolerance guidelines on gifts and hospitality from vendors to include all staff members that are involved in all aspects of the acquisition of goods and services for the United Nations. As such, any gifts offered by vendors will be returned by the recipient and the vendor will be reminded of the zero tolerance for acceptance of gifts and hospitality. Provisions to cover this issue have also been included in the Supplier Code of Conduct.

#### **Mechanism for monitoring vendor compliance with United Nations ethical norms**

26. Pursuant to paragraph 10 of General Assembly resolution 62/269, the Secretariat continues to advise vendors and staff of the United Nations ethical behaviour norms: the provision of ethics training, updates of the Supplier Code of Conduct and the recently launched Senior Vendor Review Committee all assist in this regard.

### **D. Staff management**

#### **Management review programme**

27. In order to provide Headquarters support and to assist with the continued professionalization of procurement staff in the field, the Procurement Division, in consultation with the Department of Field Support, is further developing the existing management review programme, which facilitates peer-to-peer review of the procurement activities of missions in conjunction with recommendations by the Procurement Division. The management review report, once accepted, becomes part of the continuous improvement programme, coordinated with the Department of Field Support and the field missions.

### **E. Training of staff**

#### **Training needs analysis**

28. One of the most significant components of the procurement reform is the introduction of continuous training for procurement staff and the professionalization of the procurement function at the Secretariat. The Procurement Division is now leading the effort to build upon the early successes recorded by the procurement reform implementation team during the launch of the training in the fundamentals of procurement, which is mandatory training for procurement staff. To this end, a comprehensive training needs assessment led by an external consultant was conducted in 2008 in order to ascertain the status of procurement training requirements at Headquarters, the peacekeeping missions and offices away from Headquarters, and to make appropriate recommendations. It is intended to develop a

strong training programme based on the needs assessment, with the resource requirements to be submitted in the support account and peacekeeping budgets.

#### **Learning management system**

29. Currently, the Procurement Division has entered into a contract with an external company to introduce a comprehensive online learning management system. The system will provide the Secretariat with the ability to provide online the previously delivered face-to-face training programme. It is intended that the courses developed in previous years will form part of the certification programme. A working group will be established to define standards and determine which professional procurement certifications will be supported by the Secretariat.

#### **Professional development training**

30. In the past 12 months, procurement staff members have attended various procurement-related courses to further enhance their professional skills. It should be noted that staff are utilizing their personal time to enhance their professional development, while the Organization facilitates that development. Currently, 30 staff members of the Division and 40 field procurement staff members are enrolled in three online procurement courses offered by a public procurement body, on writing specifications, unit cost analysis and processing and evaluation of bids. In addition, seven staff members are enrolled in various other courses related to the procurement profession, such as international negotiation skills, project analysis for managers and drafting of contracts and agreements.

#### **Training for Headquarters Committee on Contracts case presentation**

31. While the Headquarters Committee on Contracts has already given training to procurement officers in the field missions, it has been agreed that Procurement Division staff will also receive training on case presentations to the Committee. It is expected that this will lead to better quality presentations to the Committee, which in turn will contribute to both the efficiency and effectiveness of the review process and internal controls.

### **III. Optimization of the acquisition and procurement management process**

#### **A. Partnership in procurement activities with other organizations of the United Nations system**

##### **Electronic tendering**

32. In early 2009, the Procurement Division launched a six-month pilot project on electronic tendering using the electronic tendering application system developed by the World Food Programme (WFP). The system facilitates sending solicitation documents to invited bidders and the receipt of bids and proposals by secure e-mail in parallel with the traditional methods of facsimile or hard copy transmission, which remain an option. The system increases efficiency and saves time spent on the labour intensive dispatch of solicitation documents by facsimile. Upon completion

of the pilot phase, the Division will decide whether to adopt the system throughout its operations.

## **B. Best value for money principle**

33. Best value for money is defined as optimization of whole-life costs and quality needed to meet the user's requirements, while taking into consideration potential risk factors and the availability of resources.

34. Financial regulation 5.12 introduces best value for money as a general principle valid for the acquisition process in the entire Organization, from the definition of the requirement, through budgeting, the procurement process, procurement case review by the Headquarters Committee on Contracts, contract award decisions and contract management to administration, payment and contract closure. Different stakeholders take part in the acquisition process and some key activities are not under the direct control of the Procurement Division. In the context of the technical and financial evaluation process, the Division uses a weighted evaluation technique to evaluate proposals received in response to requests for proposal.

35. Additional guidelines on the implementation of the best value for money methodology, including all specifics of the weighted evaluation technique, were issued to staff involved in procurement on 25 March 2009. These guidelines complement the revision of the Procurement Manual in June 2008 and the best value for money training launched in 2007-2008 and provided by the Procurement Division.

36. The Procurement Division is currently testing a new electronic contract administration tracking system which, inter alia, will be used to monitor contract awards based on the best value for money methodology.

## **C. Contract management**

### **Systems contracts**

37. Pursuant to paragraph 27 of General Assembly resolution 62/269, the Secretariat continues to ensure that the utilization of systems contracts is subject to prior analysis of all costs (acquisition, service, maintenance, spare parts, shipment, after sale service, disposal, etc.) in accordance with current practice. Furthermore, systems contracts are awarded after a competitive bidding process and extensive scrutiny in several review steps, including the Headquarters Committee on Contracts. The number and use of system contracts is constantly under review by the Department of Field Support at Headquarters from a technical perspective and by the Procurement Division from a commercial standpoint.

### **Commodity code limit in vendor registration**

38. The Secretary-General confirms strict adherence by the Secretariat, pursuant to paragraph 30 of General Assembly resolution 62/269, to the established limit of seven commodity codes for vendors wishing to register in the Secretariat vendor roster. The current procurement information technology system implemented in the



early 1990s, however, has limitations that are being addressed on a manual basis until the new enterprise resource planning system is implemented.

#### **Bidders' conferences**

39. The Secretary-General is committed to fair and equal treatment of vendors and to the extent possible providing support they require. For this reason, every effort is made to ensure that all vendors can participate in bidders' conferences. Such efforts include: (a) issuance of a letter of introduction for the purpose of obtaining visas; (b) holding bidders' conferences at a peacekeeping mission or countries surrounding the mission; (c) providing transportation within the mission area if required; and (d) holding bidders' conferences at the United Nations Logistics Base in Brindisi, Italy.

#### **Efficiency improvement initiatives**

40. The Procurement Division participated in three Lean Six Sigma business process improvement projects, conducted jointly by the Department of Management, the Department of Peacekeeping Operations and the Department of Field Support. The processes reviewed involved contract administration, the development of a statement of work and issuance of solicitation documents; and submission to and review by Committees on Contracts. It is anticipated that the recommendations from the projects will lead to significant efficiencies in the procurement process, including: (a) reduction of the procurement cycle time, thereby reducing the time it takes to place purchase orders and finalize contracts; (b) improved communication between the buyer and the requisitioner; and (c) ensuring that generic specifications are used in solicitations through provision to requisitioners of guidelines, checklists and templates on the preparation of specifications and statement of work. The ultimate goal of the proposed improvements is to facilitate timeliness in service delivery to better meet client departments' needs.

#### **Simplification of solicitation documents**

41. The Procurement Division has conducted a review of its solicitation documents, in particular the request for proposal and invitation to bid documents. The review resulted in simpler and more user-friendly versions of the documents.

#### **Revision of the United Nations General Conditions of Contract**

42. In the two years preceding January 2008, the Office of Legal Affairs undertook a broad review of the General Conditions of Contracts with input from procurement officials and legal advisers within the United Nations and its programmes and funds. The review resulted in extensive revisions to the General Conditions of Contracts, which were published in January 2008. A few examples of the revisions include: (a) the introduction of a new clause on responsibility for employees, which gives the United Nations the right to screen and remove contractor staff from the mission or project site in service contracts; (b) amendment of the clause on subcontracting to ensure that the United Nations has some approval over the presence and identities of personnel and entities involved in United Nations activities; and (c) amendment of the termination clause to ensure that the United Nations has the right to terminate a contract for any reason on 60 days' notice. The revised General Conditions are published on the Procurement Division website at <http://www.un.org/depts/ptd/conditions.htm>.

## IV. Strategic management of United Nations procurement

### A. High-level Committee on Management Procurement Network

43. The High-level Committee on Management Procurement Network continues to demonstrate its commitment to further development of the strategic management of the procurement function within the United Nations system by developing projects and establishing working groups dealing, inter alia, with professionalization of procurement staff, supplier access to United Nations procurement opportunities and the operational management of the United Nations Global Marketplace.

### B. Increasing procurement opportunities for vendors from developing countries and countries with economies in transition

44. As mentioned in the introduction to the present report, in 2008 the Organization procured goods and services for Headquarters and peacekeeping missions worth \$3,172,271,966. Of that amount, \$1,472,406,822, or 46.41 per cent was spent on goods and services from vendors in developing countries and countries with economies in transition.<sup>1</sup> This represents an increase of \$478,811,877, or 48.19 per cent over the 2007 figure of \$993,594,945 (see figure I). Detailed statistics are posted on the Procurement Division website at <http://www.un.org/depts/ptd/statistics.htm> and are shown in annexes II and III.

45. Table 2 below shows trends in registration of new vendors between January 2004 and May 2009. It shows a steep drop in the total number of vendors that were registered in 2006, i.e. a decrease from 431 vendors in 2005 to 244 vendors in 2006, and then a steep increase to 340 and 362 in 2007 and 2008 respectively. The table also illustrates that the percentage of vendors from developing countries and countries with economies in transition increased rapidly in 2008 after the same steep drop in 2006. The increase can be directly attributed to the vendor outreach efforts of the Procurement Division and field missions. It should be noted that during 2006 the Procurement Division was dealing with increased compliance-related issues, such as the Procurement Task Force and other related oversight activities.

Table 2  
Trends in vendor registration

	2004 (May)	2005	2006	2007	2008	2009 (July)
Number of vendors from developing countries and countries with economies in transition	72 (18.13%)	87 (20.15%)	47 (19.26%)	70 (20.59%)	83 (22.93%)	45 (20.83%)
Number of vendors from industrialized countries	319	344	197	270	279	171
<b>Total</b>	<b>391</b>	<b>431</b>	<b>244</b>	<b>340</b>	<b>362</b>	<b>216</b>

<sup>1</sup> Due to limitations of resources, time and the existing information technology platform, Secretariat statistics do not reflect the "origin of goods" but rather the location of the headquarters of vendors as recorded during the registration process.

### **Challenges to the participation of developing countries and countries with economies in transition in United Nations procurement**

46. Based on feedback from vendors participating in business seminars and comments from various stakeholders in the field missions, some of the possible challenges that may prevent the participation of developing countries and countries with economies in transition in United Nations procurement have been identified:

(a) Local business operations may not be familiar with United Nations procurement information and procedures, may have limited export experience, may encounter legal and administrative barriers to accessing neighbouring countries to supply peacekeeping missions and may have language barriers. National databases of vendors in developing countries may be limited;

(b) Limited production capacity and financial resources for the generally high level of demand for goods and services in field missions;

(c) The requirement for vendors to submit bid bonds and performance bonds (security instruments) is perceived as an additional financial burden, especially for small businesses with limited capital from developing countries and countries with economies in transition (this perception was addressed by the revision of the United Nations policy on security instruments discussed in paragraph 49 below);

(d) The United Nations vendor registration process was perceived as onerous and a hindrance to registration of vendors from developing countries and countries with economies in transition (hence the streamlining of the process as explained in paragraph 19 above).

### **Proposals to address the identified challenges**

47. Measures have been taken to address the challenges identified above as follows:

(a) The United Nations signed a cooperation agreement with the World Chambers Federation of the International Chamber of Commerce on 4 June 2009. Under the agreement, the United Nations will provide training to staff of the Federation on the United Nations vendor registration procurement processes and Federation staff will provide training and support to national vendors wishing to register on the United Nations Global Marketplace. The Federation, which includes 140 countries, will also use its network to disseminate information on United Nations procurement opportunities to its members through local chambers of commerce. Emphasis has been placed on the identification of potential vendors from developing countries and countries with economies in transition. Services will be exchanged between the United Nations and the Federation based on goodwill and in a spirit of partnership. The agreement will go a long way towards addressing most of the challenges, especially those mentioned above, that are encountered by vendors from developing countries and countries with economies in transition. To that end, local chambers of commerce will, inter alia, provide Internet access, assist with translations and provide guidance to local vendors on export procedures and on how to do business with the United Nations. The agreement will facilitate the registration of vendors in countries with limited access to the Internet, through the local chamber of commerce;

(b) The revision and simplification of the vendor registration criteria and policy (see para. 19) provides vendors with the option to select the level of registration that matches their production capacity and experience. This will eventually accommodate small and local vendors with limited capacity, resources and export experience;

(c) The development in the United Nations Global Marketplace of a local vendor database, sponsored by the Procurement Network of the High-level Committee on Management, to accommodate vendors with strong local and regional presence who may wish to participate only in local United Nations procurement opportunities. The first pilot project will be implemented in peacekeeping missions in December 2009;

(d) It is proposed to grant to local vendors with limited or no Internet access, free access to peacekeeping mission Internet facilities in order to register as vendors in the Global Marketplace and check for tendering opportunities posted on the Procurement Division website. This proposal will be implemented after the development of the local vendor database mentioned in subparagraph (c);

(e) Supplier financing is an option that is currently under consideration by the Secretariat as a means to alleviate finance-related challenges that may hinder the participation of vendors from developing countries and countries with economies in transition in United Nations procurement. The supplier chain finance programme involves the provision, before and after shipment, of finance to suppliers of the Secretariat and peacekeeping missions. It targets vendors from developing countries and countries with economies in transition in order to ease liquidity hardships caused by the current global credit crunch. It is envisaged that the funds would be provided by a group of private banks still to be identified. However, at this stage, the modus operandi of the initiative is still under consideration. The Secretariat is currently conducting discussions with a bank interested in providing supplier financing, which is expected to be structured in such a way as to avoid liability for the Organization.

#### **Bid bonds and performance bonds**

48. Bid bonds and performance bonds are security instruments designed to safeguard the Organization against the risk of non-performance by its contractors or vendors. Security instruments are used to secure a vendor's bid or proposal and to mitigate risks in instances where delays or deficiency in performance will have adverse operational and financial effects for the Organization. They are also meant to cover the costs of finding a replacement vendor.

49. The policy on security instruments was reviewed in 2009 and redesigned to accommodate small businesses so as to avoid any restrictions on access to United Nations procurement opportunities. For instance, bid bonds are not requested for informal solicitations of \$30,000 or below where a request for quotation is utilized as a method of solicitation. For formal solicitations, bid bonds are requested if the estimated contract value exceeds \$500,000, or \$1,000,000 for core requirements. In addition, the revised registration criteria allow small and medium-sized enterprises to register for contracts of values up to \$200,000 (level 1) and \$1 million (level 2), which have less stringent requirements for security instruments. Presently, performance bonds are set at 10 per cent of the contract value, but this figure may vary according to the level of risk of default and the severity of the possible

consequences of a breach. In this regard, requests for performance bonds, including the amount of the bond, may depend on the professional judgement of the chief procurement officer.

50. The Secretariat also utilizes other contractual-based safeguards to protect the interests of the Organization during the term of the contract. A common technique is the use of payment milestones, which allows staggered payments after major contractual milestones have been completed. Additionally, the United Nations may retain a pre-agreed percentage on any outstanding invoice for services already rendered. Furthermore, special clauses are written into contracts for technical equipment that obligate the vendor to support the equipment throughout its usable lifetime.

### **Ongoing and new initiatives**

#### **Business seminars**

51. In an effort to promote procurement opportunities for vendors in developing countries and countries with economies in transition, the Procurement Division has increased the number of business seminars conducted in such countries from 18 in 2007 (out of a global total of 34) to 22 in 2008 (out of a global total of 25). In the first half of 2009, 13 business seminars were conducted, out of which 12 were held in developing countries and countries with economies in transition. Another 7 seminars have been scheduled and confirmed and will be conducted during the course of 2009. The list of countries where business seminars were held is attached as annex IV.

52. The efforts of Secretariat staff to organize the large number of business seminars for vendors from developing countries and countries with economies in transition equally benefit all the other United Nations funds, programmes and specialized agencies (such as the United Nations Development Programme (UNDP), WFP, the United Nations Children's Fund, the Food and Agriculture Organization of the United Nations and the World Health Organization). Therefore, the general increase in the number of vendors from developing countries and countries with economies in transition registering in the United Nations Global Marketplace and involved in the United Nations procurement system as a whole is a direct output of the business seminars conducted by the Secretariat.

53. In order to maximize access to United Nations procurement opportunities for vendors from developing countries and countries with economies in transition, the Procurement Division invited other United Nations entities and offices such as UNDP, peacekeeping missions and the Economic Commission for Latin America and the Caribbean to be partners in business seminars in six of the 22 countries. As a result of these efforts, 83 new vendors from developing countries and countries with economies in transition were registered in 2008, compared with 47 and 70 in 2006 and 2007 respectively (see para. 45 above). The business seminar package is posted on the Procurement Division Extranet at [http://extranet.unsystem.org/pd/business\\_seminars.htm](http://extranet.unsystem.org/pd/business_seminars.htm) and has been improved to include a video and audio slide show.

### **Updating of United Nations Common Coding System**

54. During a meeting of the Procurement Network of the High-level Committee on Management held in Rome in September 2008, the Procurement Division proposed that the United Nations Common Coding System be reviewed and updated to make it more user-friendly for vendors, especially from developing countries and economies in transition wanting to identify procurement opportunities in the United Nations. The codes will be updated to (a) reflect the Organization's needs and have more precise descriptions of the desired goods and services; (b) cope with the constant technological development in key commercial sectors serving the United Nations and vendor expertise; and (c) prevent vendor frustration and confusion in selecting codes, particularly vendors from developing countries and economies in transition. For this purpose, a subsidiary working group was formed in February 2009 with the Procurement Division leading the initiative under the guidance of the Steering Committee of the United Nations Global Marketplace. The Procurement Division has completed identifying products that require new codes and goods that require more precise description and the information will be submitted to the Global Marketplace through the Procurement Network of the High-level Committee on Management in September 2009 for review and implementation.

### **Bidding by joint ventures**

55. The General Assembly requested the Secretary-General to report on the justification for and legal regulation of joint ventures, registration in the United Nations vendor roster and safeguards against possible limitations in competition. In that regard:

(a) **Justification.** By combining resources, small and medium-sized enterprises may be able to increase their resource base and production capacity to elevate them to a level where they may be able to compete effectively for the high volume procurement requirements of the United Nations. The target group for this proposal is the small and medium-sized enterprises that would not normally take part in United Nations bidding exercises due, inter alia, to limited production capacity and financial resources. The benefits of this proposal are twofold: more vendors from developing countries and countries with economies in transition, and increased competition. It is expected that vendors will form joint ventures on their own initiative without the involvement of the Procurement Division. The Division will accept bids from joint ventures, subject to a comprehensive analysis of each individual case to prevent schemes to circumvent the rules of free and fair competition;

(b) **Registration of joint ventures in the United Nations vendor roster.** A joint venture may acquire legal personality by registering as a corporation, a limited liability company or any other legal form of enterprise. Such joint ventures are regulated by the rules and laws that govern the respective form of enterprise. The United Nations vendor registration team treats such entities as a separate entity from the parent companies and registers them as such. Alternatively, vendors may opt to retain their individual identities in the joint venture. The vendor registration team will register not the joint venture itself, but the individual vendor that is party to the joint venture. Such vendors are obligated to disclose the existence of the joint venture at bidding and any resultant contract will reflect that fact. All parties are

requested to sign the contract and are jointly and severally liable in their individual corporate capacities for any breach of contract.

#### **Air charter vendor outreach project**

56. The Procurement Division has also embarked on an air charter vendor outreach project, targeted at vendors, worldwide, with a special emphasis on vendors in developing countries and countries with economies in transition, through hosting of conferences and attending air shows and industry exhibitions. Since the launching of the vendor outreach programme, 25 new vendors from developing countries and countries with economies in transition have applied for registration.

57. The above-mentioned initiatives are at different stages of maturity. Some were implemented a few months ago, while others are ongoing. Passage of time is a critical feature in the assessment of initiatives in order to be able to quantify the results. Communication with vendors is a challenge, due to geographical distribution, the diversity of the Organization's requirements (commodities and services) and the global financial environment. The Secretary-General is committed to maintaining the objective of encouraging greater participation of vendors from developing countries and countries with economies in transition, to allow them to register in the Secretariat vendor database and to ensure access to procurement opportunities as his top priority.

### **C. Sustainable procurement and other initiatives**

#### **Sustainable procurement**

58. In paragraph 33 of its resolution 62/269, the General Assembly requested the Secretary-General to prepare for consideration at its sixty-fourth session a comprehensive report on the content of and criteria for the concept of environmentally friendly and sustainable procurement. The Procurement Division prepared the report with the assistance of the United Nations Environment Programme (UNEP). The report is attached to the present report as an addendum (A/64/284/Add.2).

#### **Restoration of focal points on the website of the Procurement Division**

59. Pursuant to the request of the General Assembly in paragraph 15 of its resolution 62/269, the Procurement Division restored on its website the information on the Division's focal points providing advice on the vendor registration process in the six official languages of the United Nations (see <http://www.un.org/depts/ptd/register.htm>).

#### **Secretariat procurement brochure**

60. The up-to-date English language version of the Secretariat procurement brochure posted on the Procurement Division website and distributed during the business seminars will be translated into the other five official languages of the United Nations and published by September 2009.

**Procurement Manual review project**

61. The Procurement Division has embarked on an initiative to streamline and simplify the Procurement Manual. The objective of this initiative is to restructure the Procurement Manual into sections on principles, policies, and procedures and practices (also called the 4Ps), while creating an online interactive tool. The Procurement Manual will also be converted into a “wiki” document library format that allows for easy navigation, cross referencing and conversion into a searchable database. It is anticipated that the interactive online Procurement Manual will be published in the third quarter of 2009. The Procurement Manual is currently available in English and French. The Spanish translation of the current version of the Manual has been finalized, but will need to be reviewed prior to publication of the revised Procurement Manual in the “wiki” format by the end of 2009.

**Communication plan**

62. In his report on procurement reform (A/60/846/Add.5 and Corr.1), the Secretary-General identified the need for the development and implementation of a communications programme for the Procurement Division. The Board of Auditors observed in 2008 that the development of a communications policy would be an improvement for the Procurement Division. Accordingly, the Division developed and implemented a communications plan in May 2008. The purpose of the communications plan, inter alia, is to ensure proactive information dissemination to all stakeholders of the procurement process for consistent and efficient communication. In addition, the communication plan is designed to place the Division in a better position to take advantage of technological developments and utilize Internet sites and other means for dissemination of information and increased transparency.

**V. Conclusions and recommendation**

63. Procurement is a unique and complex function of the Secretariat which deserves full support as there are a variety of risks (including operational, strategic, reputational and economic) that may be encountered during the acquisition process. The risks are either embedded into the activities undertaken by the procurement staff or they emanate from factors that are external to the United Nations, for example actions of stakeholders or outside events beyond its control. In order to mitigate and manage these risks, a modern procurement function must develop three critical pillars: information technology support, expert staff, and a policy and training framework. Currently, the Secretariat procurement function is not adequately equipped with the necessary resources and it requires the full support of Member States to cope with the exponential increase of needs for peacekeeping missions. The Secretary-General is committed to maximizing the output of the procurement function as long as the necessary investment in equipment, resources and funding has been made by the Organization.

64. In order for the Procurement Division to cope with the increasing volume, complexity and tempo of peacekeeping activities, deliver procurement reform and meet the expectations set out in document A/60/846/Add.5 and Corr.1, Member States are called upon to recognize that the procurement function is a strategic element and indispensable to the smooth and effective implementation of the activities of the Organization.

65. The General Assembly is requested to take note of the present report.



## Annex I

### Procurement reform mandates

<i>Topic</i>	<i>General Assembly resolution</i>	<i>Paragraph number (A/64/284)</i>
Governance	62/269, para. 6, 61/276, 61/246 and 59/288	3
Independence of the Headquarters Committee on Contracts	62/269, para. 44	10
Independent bid protest system	62/269, para. 16, 61/246, para. 13	7
Internal controls: oversight of vendors	62/269, para. 8, 59/288, para. 17 A/60/846/Add.5 and Corr.1, paras. 28 and 29	8
Accountability and delegation of authority	62/269, paras. 9 and 34, 61/246, para. 3 A/62/525, para. 45	11
Specifications	62/269, para. 4	16-17
Streamlined vendor registration process	62/269, paras. 13-15	19
Enterprise resource planning	62/269, paras. 41 and 42	20-22
Ethics	62/269, paras. 10-12	23-26
Subcontracting	62/269, paras. 36 and 37	12-15
Training	62/269, paras. 9 and 40	28-31
Best value for money	62/269, paras. 24 and 25 61/246, para. 33	33-36
Systems contracts	62/269, para. 27	37
Commodity codes (limit in vendor registration)	62/269, para. 30	38
Bidders' conferences	62/269, para. 31	39
Increasing procurement opportunities for vendors from developing countries and countries with economies in transition	62/269, paras. 17-23 61/246, paras. 6 and 20-24 61/276, sect. XIX, para. 4	44-54
Performance and bid bonds	62/269, para. 32	48-50
Business seminars	62/269, paras. 17-23	51-53
Bidding by joint ventures	62/269, para. 28	55
Sustainable procurement	62/269, para. 33	58

## Annex II

## Procurement volume by country and territory, 2008

<i>Country</i>	<i>Total</i>	<i>Percentage</i>	<i>Country</i>	<i>Total</i>	<i>Percentage</i>
Afghanistan*	\$6 060 795	0.19%	Greece	\$28 923	0.00%
Algeria*	\$361 805	0.01%	Haiti*	\$29 705 866	0.94%
Angola*	\$16 841 986	0.53%	Hungary	\$2 452 355	0.08%
Australia	\$16 592 631	0.52%	India*	\$5 643 587	0.18%
Austria	\$9 086 292	0.29%	Indonesia*	\$56 845	0.00%
Bahrain*	(\$2 332)	0.00%	Iran (Islamic Republic of)*	\$3 197	0.00%
Belgium	\$4 416 321	0.14%	Iraq*	\$4 419 343	0.14%
Belize*	\$155 583	0.00%	Ireland	\$5 478 616	0.17%
Bolivia (Plurinational State of)*	\$17 100	0.00%	Israel*	\$22 739 797	0.72%
Botswana*	\$5 000	0.00%	Italy	\$224 035 672	7.06%
Brazil*	\$5 000	0.00%	Japan	\$75 644 820	2.38%
Bulgaria*	\$6 784 839	0.21%	Jordan*	\$59 024 387	1.86%
Burundi*	\$3 816 107	0.12%	Kazakhstan*	\$44 843 020	1.41%
Cameroon*	\$65 937	0.00%	Kenya*	\$4 215 223	0.13%
Canada	\$55 531 502	1.75%	Kuwait*	\$18 686 156	0.59%
Central African Republic*	\$473 798	0.01%	Lebanon*	\$55 386 124	1.75%
Chad*	\$12 539 319	0.40%	Liberia*	\$35 841 411	1.13%
China*	\$22 786 497	0.72%	Malaysia*	\$2 371 837	0.07%
Côte d'Ivoire*	\$31 093 385	0.98%	Mauritius*	\$1 997 848	0.06%
Cyprus*	\$7 242 847	0.23%	Mexico*	\$4 200	0.00%
Czech Republic	\$4 190 550	0.13%	Morocco*	\$7 464 519	0.24%
Democratic Republic of the Congo*	\$115 026 391	3.63%	Nepal*	\$3 351 124	0.11%
Denmark	\$60 597 876	1.91%	Netherlands	\$12 512 453	0.39%
Djibouti*	\$34 802	0.00%	New Zealand	\$4 635 477	0.15%
Dominican Republic*	(\$3 523 054)	-0.11%	Nigeria*	\$278	0.00%
Ecuador*	\$10 500	0.00%	Norway	\$17 946 841	0.57%
Egypt*	\$6 378 997	0.20%	Occupied Palestinian Territory*	\$184 391	0.01%
Eritrea*	(\$1 209 177)	-0.04%	Oman*	(\$44 164)	0.00%
Ethiopia*	\$2 387 374	0.08%	Pakistan*	\$6 351 486	0.20%
Finland	\$2 167 495	0.07%	Panama*	\$136 612 621	4.31%
France	\$120 771 092	3.81%	Peru*	\$11 050	0.00%
Georgia*	\$11 017 257	0.35%	Philippines*	(\$6 742)	0.00%
Germany	\$143 198 697	4.51%	Poland	\$14 384	0.00%
Ghana*	\$1 930 839	0.06%	Portugal	\$716 587	0.02%

<i>Country</i>	<i>Total</i>	<i>Percentage</i>	<i>Country</i>	<i>Total</i>	<i>Percentage</i>
Qatar*	\$1 002 365	0.03%	Switzerland	\$68 359 872	2.15%
Republic of Korea*	\$9 987 946	0.31%	Syrian Arab Republic*	\$3 938 412	0.12%
Russian Federation*	\$383 073 550	12.08%	Thailand*	\$20 584 037	0.65%
Rwanda*	\$228 976	0.01%	The former Yugoslav Republic of Macedonia*	\$354 002	0.01%
Saudi Arabia*	\$5 296 182	0.17%	Timor-Leste*	\$6 276 058	0.20%
Senegal*	\$21 951	0.00%	Tunisia*	\$1 536	0.00%
Serbia*	\$9 479 741	0.30%	Turkey*	\$2 545 012	0.08%
Sierra Leone*	\$3 201 419	0.10%	Uganda*	\$9 276 701	0.29%
Singapore*	\$1 607 945	0.05%	Ukraine*	\$50 808 248	1.60%
South Africa*	\$42 448 564	1.34%	United Arab Emirates*	\$21 230 950	0.67%
Spain	\$21 481 015	0.68%	United Kingdom	\$97 549 733	3.08%
Sudan*	\$220 966 938	6.97%	United Republic of Tanzania*	\$877 726	0.03%
Sweden	\$7 837 304	0.25%	United States of America	\$744 618 636	23.47%
			Western Sahara*	\$33 564	0.00%
			<b>Total</b>	<b>\$3 172 271 966</b>	
<b>* Developing countries and countries with economies in transition</b>				<b>\$1 472 406 822</b>	

## Annex III

**Goods and services procured from developing countries,  
countries with economies in transition and least developed  
countries, 2008**

<i>Commodity</i>	<i>Purchase order value (United States dollars)</i>	<i>Percentage</i>
Air transportation services	630 672 439	42.83275718
Chemical and petroleum products	322 019 732	21.87029608
Food rations/catering services	141 068 701	9.580823629
Freight forwarding and delivery services	64 387 567	4.372946823
Maintenance and repair services	34 564 908	2.347510753
Architecture, engineering and construction related services	34 387 161	2.335438839
Rental and lease	29 015 539	1.970619687
Generator sets	25 565 177	1.736284855
Building management and maintenance	20 963 704	1.423771165
Motor vehicles/parts and transportation equipment	15 487 335	1.051838012
Cleaning and waste disposal services	14 488 380	0.983992963
Security and safety equipment and services	13 964 975	0.948445386
Air conditioning, heating and plumbing	12 704 600	0.862845742
Airfield operations	11 751 664	0.798126188
Miscellaneous	11 444 465	0.777262428
Management services	10 575 080	0.718217286
Tools and hardware	10 335 534	0.701948258
Telecommunication equipment and services	10 079 367	0.684550418
Electrical apparatus; electronic components	8 953 548	0.608089253
Prefabricated buildings	6 335 426	0.4302769
Electronic data processing equipment and maintenance services	3 897 717	0.264717386
Office equipment rental and lease	3 466 908	0.235458555
Power plant, solar energy equipment and services	3 049 861	0.207134377
Furniture	2 975 893	0.202110774
Stationery and office related products	2 186 174	0.14847621
Bridges	2 150 701	0.146067012
Insurance	2 061 963	0.140040323
Graphic and stamp design; printing services	1 948 446	0.132330714
Paper and paper products	1 809 843	0.122917325
Uniforms/accoutrement	1 703 805	0.115715671
Textile articles other than apparel	1 622 563	0.110198036
Tourism and related services	1 604 354	0.108961303
Scientific studies and equipment	1 567 216	0.106439055

<i>Commodity</i>	<i>Purchase order value (United States dollars)</i>	<i>Percentage</i>
Beverages	1 563 291	0.106172512
Tyres and rubber products	1 440 507	0.097833499
Technical and project study	1 217 882	0.0827137
Translation and interpretation services	1 136 817	0.077208061
Radio communication and television broadcasting services	998 283	0.067799425
Banking and investment	988 615	0.067142799
Glass product	761 386	0.051710305
Medical items, precision and measuring instruments	697 530	0.047373437
Audio-visual equipment and services	593 492	0.04030762
Advertising, marketing and meetings	582 078	0.039532444
Office and accounting equipment	559 378	0.0379907
Training	537 219	0.036485801
Pharmaceutical products and vaccines	497 558	0.033792182
Computer and information technology related services	492 406	0.033442231
Photographic equipment and accessories	465 452	0.031611611
Archiving services	357 547	0.024283145
Transformers	265 557	0.018035594
Machinery and parts	144 553	0.009817456
Logistics	89 534	0.006080788
Projectors	85 622	0.005815122
Legal services	46 695	0.003171316
Travel and related services	34 643	0.002352834
Consulting services	27 632	0.001876679
Printing ink and printing press accessories	8 438	0.000573061
Periodical subscription	3 962	0.000269096
<b>Total</b>	<b>\$1 472 406 822</b>	<b>100</b>

## Annex IV

### Schedule of business seminars

<i>Year</i>	<i>Month</i>	<i>Member State</i>	<i>City</i>	<i>United Nations partners invited</i>
2007	February	Republic of Korea	Busan/Seoul	—
2007	April	Nigeria	Abuja	—
2007	April	China	Guangzhou	—
2007	May	Trinidad and Tobago	Port of Spain	—
2007	June	South Africa		—
2007	June	Algeria	Algiers	—
2007	June	Romania	Bucharest	—
2007	June	Tunisia	Tunis	—
2007	July	Turkey		—
2007	September	Israel	Tel Aviv	—
2007	October	Brazil	Sao Paulo	—
2007	November	Republic of Korea	Seoul	—
2007	December	Viet Nam	Hanoi	—
2007	January	Croatia	Zagreb	—
2007	January	The Former Yugoslav Republic of Macedonia	Skopje	—
2007	May	Belarus	Minsk	—
2007	May	Russian Federation	Moscow	—
2007	October	Ukraine		—
2007	January	Sweden	New York	—
2007	January	Austria	Vienna	—
2007	March	Canada	Toronto	—
2007	May	The Netherlands	The Hague	—
2007	May	Italy		—
2007	June	Canada	Quebec	—
2007	June	Spain	Barcelona	—
2007	June	France	Paris	—

<i>Year</i>	<i>Month</i>	<i>Member State</i>	<i>City</i>	<i>United Nations partners invited</i>
2007	July	United Kingdom	London	—
2007	July	Italy	New York	—
2007	September	United Kingdom		—
2007	September	Italy	New York	—
2007	October	Australia	New York	—
2007	October	Spain	New York	—
2007	November	United Kingdom	New York	—
2007	December	Canada	Montreal/Quebec City	—
2008	May	Republic of Korea	Seoul	—
2008	May	Ecuador	Quito	—
2008	May	China	Beijing	—
2008	June	Egypt	Cairo	UNAMID, UNIFIL, UNMIS, UNTSO
2008	June	Thailand		—
2008	July	Philippines	Manila	—
2008	July	Singapore	Singapore	—
2008	July	Indonesia	Jakarta	—
2008	July	Malaysia	Kuala Lumpur	—
2008	July	Syrian Arab Republic	Damascus/Aleppo	—
2008	September	Iran (Islamic Republic of)	Tehran	—
2008	October	Bulgaria	Sofia	—
2008	October	Slovenia	Ljubljana	—
2008	October	United Arab Emirates (regional seminar)	Dubai	—
2008	October	Yemen	Sanaa	—
2008	November	Argentina	Buenos Aires	UNDP, ECLAC
2008	December	Panama	Panama City	UNDP
2008	December	Slovakia	Nitra	—

<i>Year</i>	<i>Month</i>	<i>Member State</i>	<i>City</i>	<i>United Nations partners invited</i>
2008	December	Mexico	Mexico City	UNDP
2008	November	Uzbekistan	Tashkent	—
2008	November	Republic of Moldova	Chisinau	UNDP
2008	November	Ukraine	Kiev	UNDP
2008	June	European Union	New York	—
2008	November	Germany	New York	—
2008	December	France	New York	—
2009	February	Rwanda	Kigali	—
2009	March	Tunisia	Tunis	—
2009	March	Chad	N'Djamena	MINURCAT
2009	March	Kenya	Nairobi	UNON
2009	March	Ethiopia	Addis Ababa	ECA
2009	March	Republic of Korea	Seoul	—
2009	March	Hungary	Budapest	—
2009	April	Morocco	Casablanca	—
2009	April	Peru	Lima	MINURCAT
2009	May	Togo	Lomé	—
2009	May	Benin	Cotonou	UNDP
2009	May	Australia	New York	—
2009	April	Russian Federation	Saratov	WFP



*Summary*

<b>2007</b>	Seminars for developing countries and countries with economies in transition	18
<b>2007</b>	Seminars for industrialized countries	16
<b>Total</b>		<b>34</b>
<b>2008</b>	Seminars for developing countries and countries with economies in transition	22
<b>2008</b>	Seminars for industrialized countries	3
<b>Total</b>		<b>25</b>
<b>2009 (YTD)</b>	Seminars for developing countries and countries with economies in transition	12
<b>2009 (YTD)</b>	Seminars for industrialized countries	1
<b>Total</b>		<b>13</b>

*Abbreviations*

ECA	Economic Commission for Africa
ECLAC	Economic Commission for Latin America and the Caribbean
MINURCAT	United Nations Mission in the Central African Republic and Chad
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNDP	United Nations Development Programme
UNIFIL	United Nations Interim Force in Lebanon
UNMIS	United Nations Mission in the Sudan
UNON	United Nations Office at Nairobi
UNTSO	United Nations Truce Supervision Organization
WFP	World Food Programme