

UNITED NATIONS



*Department of Management
United Nations Procurement Division*

Review of Existing Initiatives on Sustainable and Socially Responsible Procurement

*Meeting of the EMG Issue Management Groups on C-Neutral and Sustainable
procurement
World Bank headquarters, Washington DC*

25-27 June 2007

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OVERVIEW



**What has been done, challenges, priorities,
what is lacking?**

- Current focus of UN Procurement Reform
- Implementation efforts and PRIT
- Strategic management reforms
- UN benchmarks
- Support of Member States and Senior level Officials
- System-wide efforts
- Global Compact
- Sourcing
- Suppliers Code of Conduct

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Scope of presentation



Sustainable and socially responsible procurement

- **Sustainable Procurement**
Using the UN's buying power to signal to the market in favor of sustainability and bases choices of goods and services on economic consideration (BVM), environmental aspects (Green Procurement)
- **Corporate Social and Responsible Procurement:**
Reflecting issues of social concern in the Organization's procurement process, ethics and anticorruption measures.

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PROCUREMENT REFORM



OBJECTIVES

The procurement reform initiatives proposed in the 2006 Secretary-General's report -A/60/846/Add.5 focuses primarily on three areas:

- (a) Strengthening of internal control measures
- (b) Optimization of the acquisition and procurement management processes
- (c) Strategic management reforms.

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THE PRIT



Establishment

- **October 2006** : PRIT is officially established following the submission of the Secretary-General's report entitled, "Investing in the United Nations for a stronger Organization worldwide" (A/60/846/Add.5).
- **March 2007**: PRIT becomes operational, initial resources are approved by the General Assembly to assist PS in its implementation of the initiatives previously approved by the GA (A/61/246 of 7 March 2007).

Structure

- PRIT functions as a Unit within the Procurement Service and is headed by a Section Chief who works with a team under the supervision of the Chief of the Procurement Service.

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IMPLEMENTATION EFFORTS



UN Procurement Reform has been ongoing for over 10 years

More emphasis placed on :

- ✓ **The Global Compact**
- ✓ **Environmentally friendly and sustainable procurement**
- ✓ **Corporate Social Responsibility**

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UN BENCHMARKS



- Active support of the General Assembly and Senior officials of the United Nations
- More discussions within and among system organizations
- Encouraged participation in Global Compact
- Best value for money principle
- Evaluation Sourcing and UNGM
- Opportunities from Developing Countries and Countries with economies in transition
- Update of suppliers code of conduct

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Support of Member States and Senior UN Officials



Some examples :

- GA resolution 61/246 of 7 March 2007, Para. 15
- SG and the USG/DM have expressed support for the concept of environmentally friendly and sustainable procurement.
- The SG made a public commitment as the organization's direct contribution to global efforts to safeguard the planet and climate
- The USG/DM has indicated that emphasis should be placed on the issue of "green" or environmentally friendly procurement as this was an opportune time for the UN to become a model in advancing environmental issues.
- On the CMP, the United Nations is aiming for a silver rating by the Leadership in Energy and Environmental Design (LEED) Green Building Rating System.

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System-wide initiatives



- a) **Meetings**
 - 2007 Global Compact leaders summit (4-5 July 2007) in Geneva
 - Third International Expert Meeting on 10-Year Framework of Programmes on Sustainable Consumption and Production- Stockholm Sweden (26-29 June '07)
 - Meeting of the EMG (25-27 June 2007)
 - Meeting of the Environmentally and Socially Responsible Procurement Working Group (May 2007)

- b) **Best practices**
 - Following the lead of (UNEP) in Nairobi, the UN may undertake environmental audit of the New York HQ in the near future.

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SUPPORT OF THE GLOBAL COMPACT



- **Launched in 1999:** The United Nations strongly encourages interested suppliers to adhere to the principles of the Global Compact (Roster)

- **2003:** SG requested a review be carried out to “explore the extent to which the UN can embrace the Compact’s principles in its own procurement, human resources and pension fund policies”.

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GLOBAL COMPACT (Cont')



- SG requested USG/DM to explore action on the potential application of the Compact's principles to the UN's transactions.
- 10 principles can be regrouped in 4 main categories:
 1. Human Rights
 2. Labor (forced labor and child labor)
 3. **Environment**
 4. **Anti-Corruption**

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Global Compact (Cont')



Key recommendations/proposed follow-up activities

- Seek buy-in of senior management, legislative bodies, oversight / auditors /HLCM.
- Advance the Global Compact principles through advocacy ,awareness-raising educational role externally (UN agency raising the issue with business partners, vendors) and internally among UN employees system-wide, including the UN family.
- **Internally and external training- (requisitioners, procurement officers, contractors etc. on the Compact principles and practical implications of implementation.**
- Encourage system organizations to consider creating an environmental policy and putting environmental management systems in place (using ISO 14000 framework as guide).
- Create/improve INFM website database with examples from all agencies of best practices in environmental and social responsibility.
- Hold joint meetings with UN Facilities Managers and Procurement Officers with GC company representatives to share learning experiences on how to implement and deal with dilemma situations. (i.e. HIV/ Aids, labor disputes, Environment, Health & Safety Issues).

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DM/UNPD Initiatives Sourcing

- **UNGM registration** : Vendors are required to indicate if their company subscribe to the principles of the Global Compact and /or to the Global compact
- **DCs and COWET** : UN/PD recently prepared a report for the consideration of the General Assembly on proposed ways to increase procurement opportunities for developing countries and countries with economies in transition taking into account the need to protect the sensitive environment of suppliers from these countries

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THE SUPPLIERS CODE OF CONDUCT

- ✓ The United Nations Suppliers Code of Conduct has been recently updated (May 07) UN/PD's website Translated in all six UN official languages

- ✓ On ENVP. Para.14 states:

"The UN expects its suppliers to have effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment. Suppliers should wherever possible support a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility and encourage the diffusion of environmentally friendly technologies implementing sound life-cycle practices."

http://www.un.org/Depts/ptd/pdf/conduct_english.pdf

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ACTIONS UNDER CONSIDERATION



1. Policies

- Development of a new Procurement Policy and Guidelines
- Update of the Procurement Manual
- General terms and conditions and bidding documents

2. Processes

- Pre- screening /pre- qualification of Vendors (White list)
- Creation of Website linkage with websites on Green procurement and Corporate Social Responsibility (GC, Sanctions committee, due diligence report)
- Inclusion of questionnaire on the availability of Green Procurement Policy for registration of potential suppliers (UNGM)
- List of more commonly used commodities/services (LTAs)
- Adoption of standard specifications for certain products
- Incorporation of clear sustainable development evaluation criteria

3. Awareness/sharing information

- Promotion of Green/ sustainable procurement at UN Business Seminars
- And capacity building of local suppliers
- Inter agency sharing info. and knowledge management
- Training of procurement staff and requisitioners.

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WHAT IS LACKING ?



Status of efforts in sustainable procurement

- Economic considerations: BVM
- Environmental aspects and green procurement: limited
- Social aspects: limited

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CHALLENGES



How to balance general procurement principles

- Economy and efficiency (BVM)
- Fairness, integrity and transparency
- Effective international competition
- Interest of the Organization

Possible adverse effects of specific requirements

- cost implications
- open competition fair treatment vs. discrimination
- Interest of Member States (equitable geographic distribution)

Constraints of the UNPD procurement

- DPKO and field operations
- LOA and Government contributions.

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Thank You !



The United Nations Procurement Division

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