



# 2017



**ANNUAL STATISTICAL REPORT**  
ON UNITED NATIONS PROCUREMENT



## **2017 Annual Statistical Report on United Nations Procurement**

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Kenya has one of the highest maternal mortality rates in the world. To help address this challenge, UNOPS is supporting UNICEF to strengthen healthcare services across five counties. In Turkana County, Imelda Malingu Osodo, the only woman on site, oversees the construction of facilities.

In 2017, UN organizations procured \$503 million of goods and services from suppliers in Kenya.

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**EXECUTIVE SUMMARY**

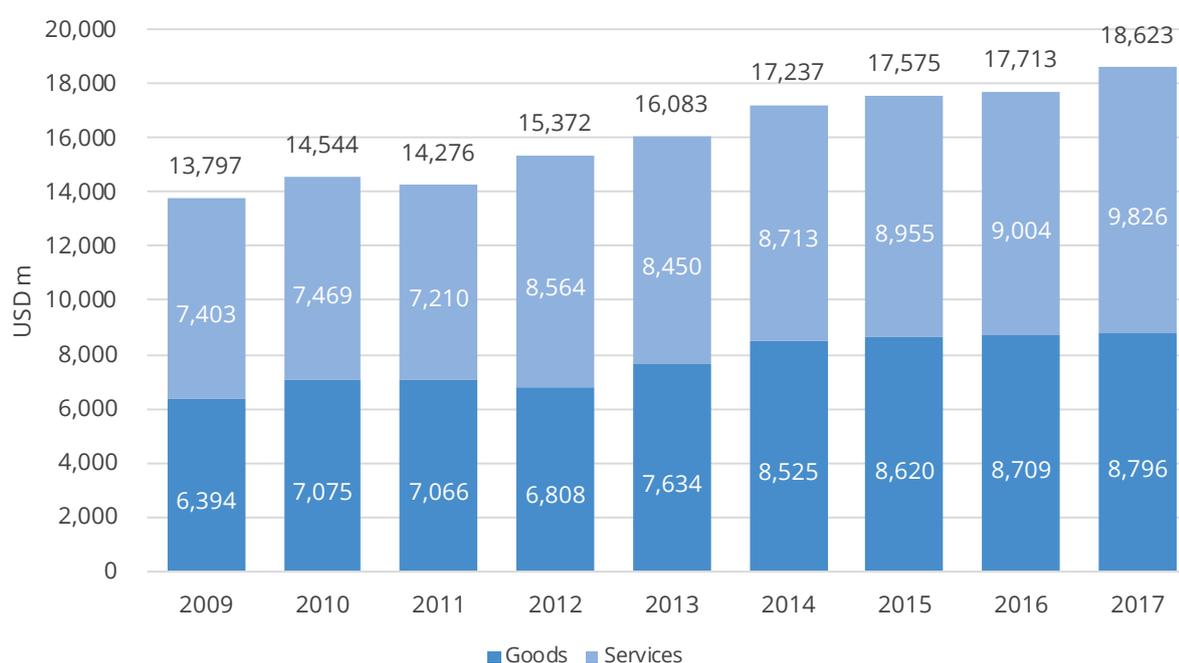


## EXECUTIVE SUMMARY

The overall procurement volume of United Nations (UN) organizations increased for a sixth consecutive year, reaching \$18.6 billion in 2017 – an increase of 5.1 per cent or \$910 million compared to 2016. The increase was driven largely by a 9.1 per cent or \$823 million increase in procurement of services, while procurement of goods rose by a more modest 1.0 per cent or \$87 million.

In 2017, 40 UN organizations reported procurement statistics, compared to 39 in 2016. The International Monetary Fund (IMF), which did not submit procurement statistics in 2016, procured \$272 million of goods and services in 2017. The underlying growth in overall procurement (excluding IMF) was 3.6 per cent, or \$638 million.

Figure 1.1 – Total procurement of goods and services, 2009–2017



The growth was largely attributable to increases in procurement by the United Nations Development Programme (UNDP), United Nations Office for Project Services (UNOPS), the Pan American Health Organization (PAHO) and the World Food Programme (WFP). Collectively those organizations added an additional \$831 million in procurement volume compared to 2016.

The United Nations Procurement Division (UNPD), the World Health Organization (WHO) and the United Nations Children’s Fund (UNICEF) all reported significant reductions in procurement volume in 2017, totalling (\$633 million). The UNICEF reduction was attributed mainly to cost savings in the procurement of pharmaceuticals.

For each year since 2013, 32 of the 40 UN organizations have reported procurement for the ASR. The combined volume of their procurement has increased 9.7 per cent over that period, from \$16.1 billion in 2013 to \$17.6 billion in 2017.

The largest segments of procurement in 2017, by volume, were *Pharmaceuticals, Contraceptives, Vaccines* (\$2.6 billion), *Transportation, Storage, Mail Services* (\$2.3 billion) and *Food and Beverage Products* (\$1.9 billion).

## Major countries of supply to the UN system in 2017

In 2017, the UN system procured goods and services from 223 countries and territories, including all 193 UN Member States. One hundred and twenty-six countries and territories had a procurement volume of more than \$10 million.

The top ten supplier countries, by volume, in 2017 accounted for \$7.5 billion (or 40.2 per cent) of the total procurement volume. The concentration of procurement has diminished compared to previous years: the top ten supplier countries accounted for 44.6 per cent of total procurement volume in 2016, and 44.8 per cent in 2015.

In 2017, the top ten supplier countries included three developing countries (India, United Arab Emirates and Kenya), with combined procurement of \$2.2 billion, representing 29.5 per cent of the top ten total and 11.8 per cent of total UN procurement for 2017.

The United States of America remained the largest supplier country to the UN in 2017, increasing by 9.8 per cent to \$1.7 billion. The increase was driven by higher expenditure on *Management and Administrative Services* (an increase of \$108 million or 49.5 per cent, \$91 million of which was attributed to IMF). The largest area of procurement was in *Pharmaceuticals, Contraceptives, Vaccines*, procured primarily by UNICEF and PAHO. Overall expenditure in this segment, however decreased by \$83.5 million (19.2 per cent).

**Table 1.1** – Top ten supplier countries by procurement volume, 2017

Supplier country	Goods 2017 (USD m)	Services 2017 (USD m)	Total 2017 (USD m)	Share of UN total 2017 (%)	Total change 2016-2017 (%)
United States of America	587.2	1,154.2	1,741.4	9.4%	9.8%
India	741.7	165.2	907.0	4.9%	-14.8%
United Arab Emirates	635.7	161.1	796.8	4.3%	-8.3%
Belgium	660.4	58.4	718.8	3.9%	-20.7%
France	511.7	181.0	692.7	3.7%	13.7%
United Kingdom of Great Britain and Northern Ireland	156.8	398.3	555.1	3.0%	-8.3%
Switzerland	142.9	404.6	547.5	2.9%	24.3%
Netherlands	388.7	123.1	511.8	2.7%	19.5%
Denmark	260.0	247.4	507.4	2.7%	-31.3%
Kenya	169.8	333.1	502.9	2.7%	27.4%
<b>Top 10 total</b>	<b>4,254.9</b>	<b>3,226.4</b>	<b>7,481.3</b>	<b>40.2%</b>	<b>-2.1%</b>
<b>UN total</b>	<b>8,796.4</b>	<b>9,826.3</b>	<b>18,622.7</b>		<b>5.1%</b>

India was again the second largest supplier country, having been a top ten supplier country since 2000. Procurement from suppliers in India, however, fell by 14.8 per cent or \$158 million to \$907 million. The reduction of procurement from Indian suppliers was predominantly due to a decrease in *Pharmaceuticals, Contraceptives, Vaccines* of \$86 million (11.8 per cent) from 2016 to 2017. It nevertheless remained the largest procurement area, representing 70.8 per cent of total procurement from Indian suppliers. The second largest area of spending in India in 2017 was *Engineering and Research Services*, which increased by \$14 million to \$45 million; almost half of this total was related to *Computer Services*. Procurement of *Food and Beverage Products* from Indian suppliers decreased by \$51 million (80.2 per cent).

The United Arab Emirates was the third largest supplier country, moving up from fourth place in 2016 despite recording an 8.3 per cent reduction in procurement volume from 2016 to 2017. The country was the largest supplier country of *Fuels and Lubricants etc* to the UN system, supplying 43.3 per cent of the total \$612 million spent in the segment. It was the second largest supplier country for *Food and Beverage Products* after Turkey. Expenditure in this segment from United Arab Emirates suppliers, however, fell by \$20 million, or 7.3 per cent, from 2016 to 2017.

Kenya was a new addition to the top ten supplier countries in 2017, with its reported procurement volume increasing from \$395 million to \$503 million. This was largely due to an additional \$63 million in procurement by WFP, predominantly on *Transportation, Storage, Mail Services* and *Food and Beverage Products*. The Food and Agriculture Organization (FAO) more than tripled its procurement from suppliers in Kenya, from \$8.8 million in 2016 to \$27 million in 2017. FAO procurement in Kenya was focused on *Vocational Training Services* (\$7.3 million) and *Animal Feed* (\$1.9 million). WFP had the largest procurement from suppliers in Kenya - \$146 million in total - while UNPD was the second largest procuring organization with \$136 million in 2017.

After joining the top ten supplier countries in 2016, Turkey dropped to be the country with the 11th largest procurement volume in 2017. Procurement from Turkey fell by \$188 million (28.9 per cent), due largely to a \$228 million (48.6 per cent) reduction in expenditure on *Food and Beverage Products* by WFP (offset somewhat by increases in other areas).

The other countries in the top ten countries by procurement volume remained the same as in 2016. Among them, Belgium fell to fourth place on the list after spending with Belgian suppliers declined by 20.7 per cent, primarily on *Pharmaceuticals, Contraceptives, Vaccines* (\$161 million less in 2017 than in 2016). France moved up to fifth place, due to an additional \$66 million procurement by UNOPS of *Laboratory and Scientific Equipment* and an additional \$33 million on *Clinical Nutrition* goods by UNICEF. Switzerland moved up two places with a 24.3 per cent (\$107 million) improvement in procurement volume, including an additional \$33 million procurement of *Engineering and Research Services*. The United Kingdom of Great Britain and Northern Ireland (UK) experienced an 8.3 per cent (\$50 million) decrease compared to 2016, due primarily to a reduction in UNPD expenditure on *Office Equipment* from suppliers in the UK - offset somewhat by a \$81 million increase in procurement from WFP.

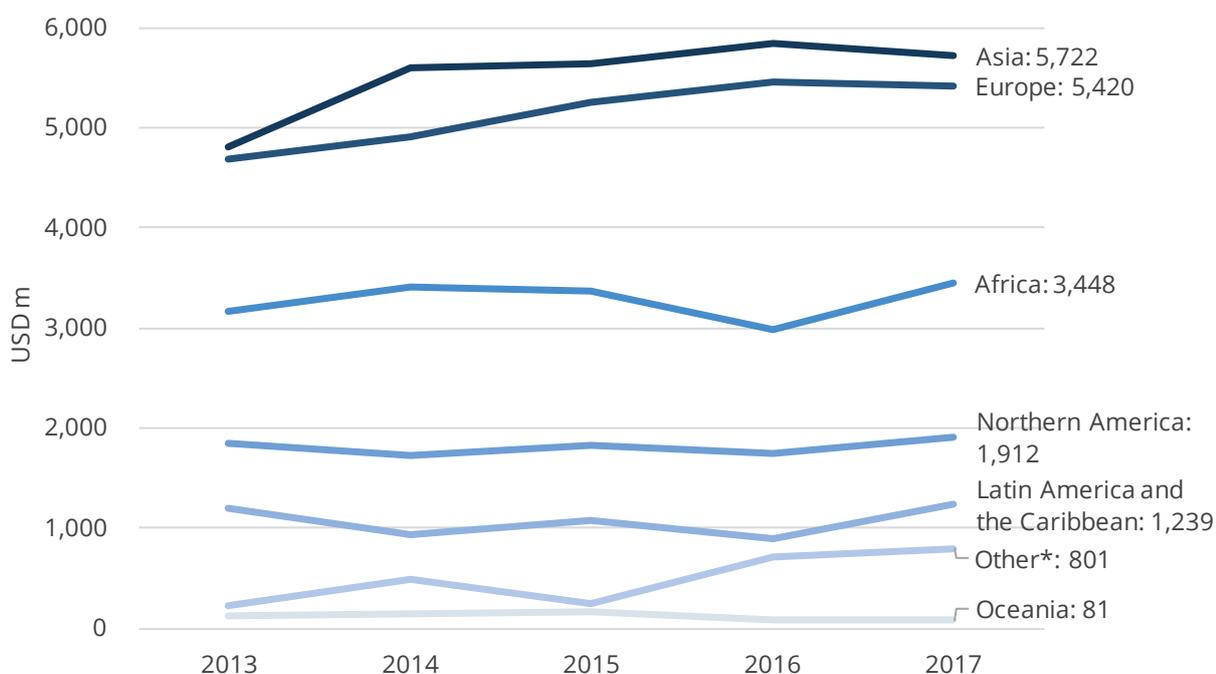
### **Procurement volume by region of supplier in 2017**

Procurement increased from the Africa, Latin America and the Caribbean and Northern America regions in 2017, while decreasing in other regions. Procurement from suppliers in Africa increased the most in absolute terms – by \$473 million, or 15.9 per cent, to \$3.4 billion in 2017. It also experienced the highest increase in the share of total UN procurement, increasing from 17.3 per cent in 2016 to 19.2 per cent in 2017. Latin America and the Caribbean had the largest increase in percentage terms, with procurement from suppliers in the region increasing by 39.0 per cent to \$1.2 billion in 2017. Asia remained the region with the highest procurement volume, but saw a \$129 million (2.2 per cent) reduction compared to 2016 – the largest decrease in absolute terms of any region.

The increased procurement volume in Africa was due particularly to WFP and UNDP, which increased expenditure in the region by \$470 million and \$128 million respectively, primarily on *Transportation, Storage, Mail Services, Food and Beverage Products* and *Engineering and Research Services*. WFP's procurement from suppliers in Nigeria increased from \$41 million to \$116 million and in Kenya from \$84 million to \$146 million, while UNDP spent \$40 million more with suppliers in Senegal than it had in 2016.

There was a large increase in procurement from Latin America and the Caribbean, due primarily to an additional \$247 million in procurement by UNOPS from suppliers in Argentina (up from \$0.6 million in 2016), mainly on *Computer Equipment and Accessories* and *Computer Services*. UN procurement from Argentina increased from \$21 million in 2016 to \$279 million in 2017. PAHO also increased its procurement in the region, by \$123 million, or 145 per cent. The largest decrease in the region was in Peru, where the procurement volume fell by \$140 million, to \$54 million.

**Figure 1.2 – Total procurement by region, 2013–2017**



\* Includes the State of Palestine and data where the supplier country is unknown

In the Asia region, there were increases in procurement from Iraq, Singapore and Yemen, between them accounting for an increase of \$607 million from 2016 to 2017. Yemen experienced one of the largest increases in procurement, up from \$326 million in 2016 to \$434 million in 2017. This was due in part to \$197 million in additional procurement by UNICEF on *Financial and Insurance Services*, while WFP procured an additional \$68 million of *Transportation, Storage, Mail Services* and \$29 million of *Food and Beverage Products*. However, there was a net decrease in procurement of \$129 million in the Asia region, due in part to decreased procurement by WFP - \$572 million less from suppliers in the region in 2017 than in 2016.

The decrease in expenditure in Europe was influenced by falls in procurement in Denmark (\$231 million fall or 31.3 per cent, mostly attributed to UNPD), Belgium (\$187 million or 20.7 per cent, primarily with UNICEF), and the UK (\$50 million or 8.3 per cent decrease). However, procurement from Switzerland, Austria and the Netherlands increased by \$279 million combined.

The procurement volume from suppliers where the supplier country is unknown declined, by \$417 million, to \$664 million in 2017. This was due to some participating organizations improving the supplier country data in their 2017 submissions. Ninety-three per cent of procurement volume where the supplier country was unknown came from IOM, which was unable to specify supplier countries for any of its procurement. IOM procurement volume in 2017 was \$618 million.

### Procurement from developing countries, countries with economies in transition and least developed countries

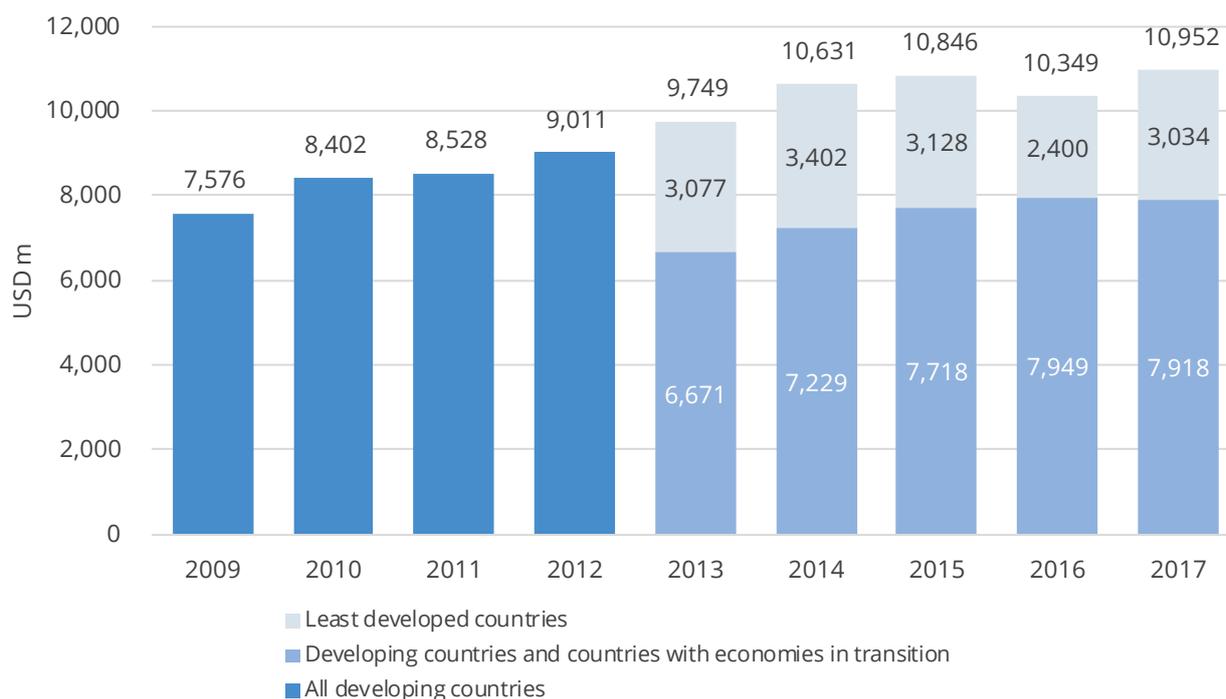
In 2002, the General Assembly requested the Secretary-General to encourage organizations of the UN system to take further steps to increase procurement opportunities for suppliers from developing countries and countries with economies in transition.<sup>11</sup> In response, and in line with the 2030 Agenda for Sustainable Development, UN organizations have continued to increase procurement from these countries, and 2017 was no exception.

Procurement from developing countries, countries with economies in transition and LDCs increased in 2017, both in absolute terms (from \$10.3 billion in 2016 to \$11.0 billion in 2017) and as a percentage of overall UN procurement. This was driven by an increase of \$636 million (26.5 per cent) in procurement from least developed countries (LDCs) compared to 2016, representing 16.9 per cent of total UN procurement volume in 2017.

Meanwhile, the percentage of procurement volume from developing countries and countries with economies in transition together declined from 46.3 per cent to 44.1 per cent.<sup>12</sup>

Of the \$11.0 billion goods and services procurement in 2017 from developing countries, countries with economies in transition and LDCs, 62.9 per cent was procured from 20 countries. Fourteen of these countries experienced an increase in procurement compared to 2016, most notably Argentina and Yemen, as described earlier.

**Figure 1.3** – Procurement from developing countries, countries with economies in transition and least developed countries, 2009–2017



<sup>11</sup> A/RES/57/279.

<sup>12</sup> Calculation of percentages related to procurement by country development status excludes procurement where the supplier country is unknown.

Table 1.2 shows the top 20 countries by procurement volume of developing countries, countries with economies in transition and LDCs in 2017. In addition to Argentina and Yemen, countries new to this table are Brazil, Nigeria and Panama: there was an additional \$226 million in procurement from suppliers in those countries in 2017. The countries that dropped out of the top 20 list were Afghanistan, the Democratic Republic of the Congo, Pakistan, Peru and Ukraine.

**Table 1.2 – Top 20 countries by procurement volume – developing countries, countries with economies in transition and least developed countries, 2017**

Supplier country	Goods 2017 (USD m)	Services 2017 (USD m)	Total 2017 (USD m)	Share of UN total 2017 (%)	Total change 2016-2017 (%)
India	741.7	165.2	907.0	4.9%	-14.8%
United Arab Emirates	635.7	161.1	796.8	4.3%	-8.3%
Kenya	169.8	333.1	502.9	2.7%	27.4%
Turkey	337.2	124.0	461.2	2.5%	-28.9%
Yemen	78.2	355.5	433.6	2.3%	301.8%
Iraq	81.1	302.2	383.3	2.1%	85.8%
Jordan	83.1	274.6	357.8	1.9%	14.1%
Lebanon	92.2	233.0	325.2	1.7%	11.9%
Russian Federation	53.9	232.8	286.8	1.5%	-12.5%
Argentina	191.4	87.6	279.0	1.5%	1231.6%
Ethiopia	87.6	175.5	263.2	1.4%	5.6%
Sudan	175.9	81.8	257.7	1.4%	46.2%
South Africa	101.6	126.0	227.6	1.2%	17.5%
China	154.8	65.2	220.0	1.2%	-3.7%
Nigeria	124.5	85.0	209.5	1.1%	53.8%
South Sudan	53.6	150.5	204.1	1.1%	14.2%
Republic of Korea	176.7	25.0	201.8	1.1%	-6.2%
Uganda	64.5	129.1	193.6	1.0%	58.3%
Panama	150.6	40.5	191.1	1.0%	33.1%
Brazil	5.0	185.5	190.5	1.0%	74.4%
<b>Top 20 total</b>	<b>3,559.2</b>	<b>3,333.3</b>	<b>6,892.4</b>	<b>37.0%</b>	
<b>Developing countries, countries with economies in transition, LDCs total</b>	<b>4,984.2</b>	<b>5,968.1</b>	<b>10,952.3</b>	<b>58.8%</b>	<b>5.8%</b>
<b>UN total</b>	<b>8,796.4</b>	<b>9,826.3</b>	<b>18,622.7</b>		<b>5.1%</b>

Further information on procurement from developing countries, countries with economies in transition and LDCs is in chapter 2.

### Procurement by organizations of the UN system

Table 1.3 shows the procurement volume for 2017 by UN organization, including their respective shares of procurement from developing countries, countries with economies in transition and LDCs. The largest ten organizations by procurement volume in 2017 accounted for \$16.3 billion (87.3 per cent) of total procurement volume, compared to \$15.8 billion (89.4 per cent) in 2016. While those ten organizations increased their procurement volumes by 2.6 per cent on average, the other organizations increased theirs by an average of 12.3 per cent.<sup>13</sup>

<sup>13</sup> Excludes IMF, which reported in 2017 but not 2016. If IMF is included, the other organizations' volume increased 26.9 per cent.

In 2017, 29 of the 40 reporting organizations experienced an increase in procurement volume compared to 2016. Fourteen of these saw their procurement volume rise by more than 20 per cent.

**Table 1.3** – Procurement by UN organization

Organization	Total 2017 (USD m)	Total change 2016-2017 (%)	Share of procurement from developing countries, countries with economies in transition and LDCs 2017 (%)
UNICEF	3,428.7	-1.6%	56.9%
WFP	3,075.3	3.8%	73.0%
UNPD	2,746.7	-15.0%	61.3%
UNDP	2,117.0	24.7%	71.5%
UNHCR	1,239.4	5.1%	70.3%
UNOPS	1,068.9	18.7%	64.3%
PAHO	919.4	16.4%	47.1%
WHO	666.6	-11.9%	51.5%
IOM <sup>^</sup>	617.6	18.2%	N/A
FAO <sup>*</sup>	371.4	17.2%	74.9%
UNFPA	316.8	12.4%	49.4%
IMF	272.3	N/A	0.0%
UNRWA	243.7	-15.5%	83.4%
IAEA	219.8	49.2%	14.0%
ILO <sup>*</sup>	214.7	32.0%	65.6%
UNIDO	178.4	44.6%	52.7%
UNESCO	129.0	5.0%	63.4%
WIPO	114.8	0.4%	6.2%
UNOG	109.7	16.6%	5.6%
UN Women	104.2	-17.3%	59.2%
UNOV	84.9	28.1%	71.0%
UNAIDS	49.4	45.1%	57.3%
IFAD	48.7	3.3%	18.9%
ITU	47.7	0.1%	13.0%
UNON	40.9	42.8%	77.2%
UNFCCC	24.4	230.8%	5.8%
UN-ICTY/MICT	19.2	43.1%	17.9%
UNECA	18.9	43.5%	52.6%
OPCW	18.4	-60.8%	1.8%
UPU	16.7	-24.0%	10.5%
IMO	16.4	6.5%	17.8%
ITC	14.3	53.6%	27.9%
WMO	14.1	-19.7%	2.7%
ECLAC	13.9	146.2%	62.3%
ESCAP	13.5	73.8%	70.3%
UNV	9.1	8.5%	2.0%
UNU	7.4	0.1%	14.0%
ESCWA	6.7	43.1%	87.1%
UNWTO	3.0	-3.0%	2.3%
UNAKRT	1.1	-43.0%	69.5%
<b>UN total</b>	<b>18,622.7</b>	<b>5.1%</b>	<b>60.9%</b>

Calculation of share of procurement from developing countries, countries with economies in transition and LDCs excludes data where the supplier country is unknown.

<sup>\*</sup> Supplier country known for only part of data (FAO 94%, ILO 95% by volume). <sup>^</sup> IOM did not report on supplier countries in 2017.

UNDP experienced the largest absolute increase, of \$420 million (or 24.7 per cent), to \$2.1 billion. This was attributed to increased procurement activity, particularly in the areas of *Health* (including \$84 million extra spending on *Hormones and Hormone Antagonists*), and *Construction and Engineering* (including \$74 million additional spending on *Professional Engineering Services* and an increase of \$131 million on *Building and Facility Management and Repair Services*).

UNOPS experienced the second highest increase in procurement volume in absolute terms. Its volume increased by 18.7 per cent, from \$900 million in 2016 to \$1.1 billion in 2017. This was associated with increased expenditure on information and communications technology goods and services in Argentina, as well as procurement of an additional \$72 million of *Laboratory and Scientific Equipment* compared to 2016, mainly from French suppliers, and \$107 million of Motor Vehicles, up from \$81 million in 2016, predominantly from Japan.

Ten organizations reported a decrease in procurement compared to 2016. The largest decrease in absolute terms was \$486 million (or 15.0 per cent) by UNPD. This was due to a combination of downsizing of some field missions, savings in air transportation, and a change in the procurement approach for some security services. The WHO experienced a \$135 million reduction in expenditure on *Comprehensive Health Services*, which was offset, in part, by increased expenditure on *Medical Equipment* (\$17 million more than 2016); however, the organization reported an overall reduction in procurement of \$90 million.

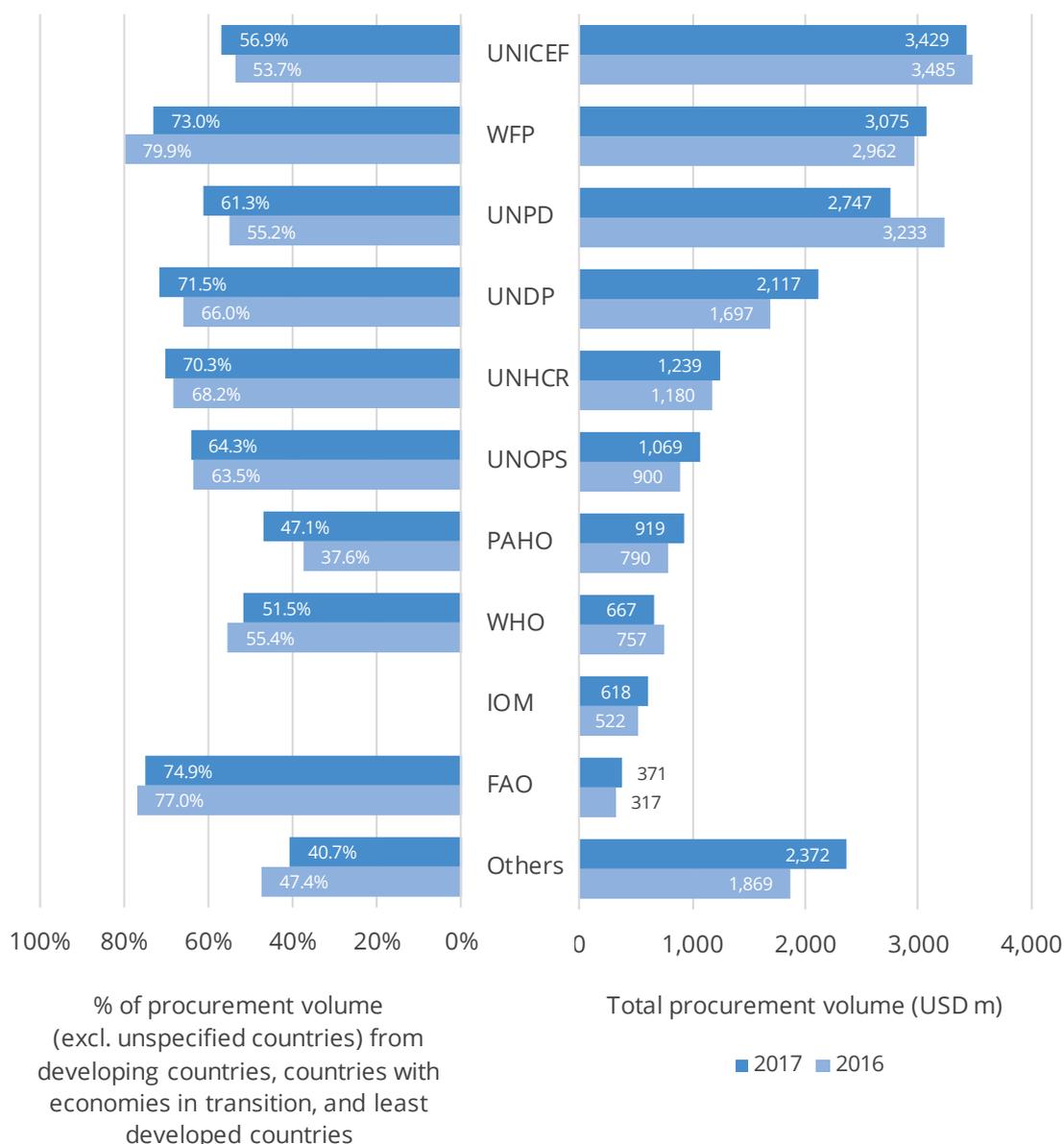
UNICEF, the largest organization by procurement volume, reported a 27.6 per cent increase in procurement of services and an 11.1 per cent decrease in the procurement of goods, resulting in an overall decrease of 1.6 per cent compared to 2016. This included a reduction of \$322 million in the procurement of *Pharmaceuticals, Contraceptives and Vaccines*, driven primarily by price savings.

Some organizations experienced substantive changes in procurement volume due to changes in the way their procurement data was collected. For example, the implementation of a new global resource planning system enabled the International Labour Organization (ILO) to improve the completeness of its reporting in 2017, contributing to a 32.0 per cent increase in reported procurement compared to 2016.

Table 1.3 shows the proportion of procurement from developing countries, countries with economies in transition and LDCs by UN organization. Of the organizations with a procurement volume of more than \$100 million, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) had the highest proportion (83.4 per cent or \$203 million) of procurement coming from developing countries, countries with economies in transition and LDCs.

In terms of volume, WFP procured the most from developing countries, countries with economies in transition and LDCs in 2017 (\$2.2 billion); however, this proportion dropped from 79.9 per cent in 2016 to 73.0 per cent of total procurement volume in 2017. Among the top ten organizations by procurement volume, UNICEF, UNPD, UNDP, the Office of the United Nations High Commissioner for Refugees (UNHCR), UNOPS and PAHO increased their proportion of procurement volume from developing countries, countries with economies in transition and LDCs in 2017. The proportion of procurement from these countries for the top ten organizations by total procurement volume is shown in Figure 1.4.

**Figure 1.4 – Procurement by UN organizations from developing countries, countries with economies in transition and least developed countries, 2016-2017 (top ten organizations by total procurement value)**



**Procurement by category of goods and services**

The ASR collects information from participating organizations on the nature of goods and services procured based on the United Nations Standard Products and Services Code® (UNSPSC) standard. The UNSPSC hierarchy of product segments, families, classes and commodities is used for categorizing and reporting on procured goods, services and works in the ASR. In addition, the ASR uses sectors of procurement, bringing together goods and services linked to areas of focus for the UN.

Across the reporting organizations, procurement volume in the sector *Consultancy, Administration and Operations* increased, by \$685 million, to \$4.0 billion in 2017, with UNDP, UNICEF and UNHCR being the largest procurers

in the sector.<sup>14</sup> On the other hand, expenditure in the second largest sector, Health, representing \$3.7 billion in procurement, saw the largest decrease in 2017, falling \$230 million from 2016, due to a decreased procurement volume of *Pharmaceuticals, Contraceptives and Vaccines*. In 2017, 19.2 per cent of data (by procurement volume) was reported only at the highest 'segment' level, under the UNSPSC hierarchy, while 80.8 per cent was reported at a minimum of family level and 21.9 per cent was reported at the most specific commodity level. In general, organizations were able to improve the level of specificity in their reporting in 2017.

**Table 1.4** – Top ten categories of procurement by volume, UNSPSC segment level, 2017

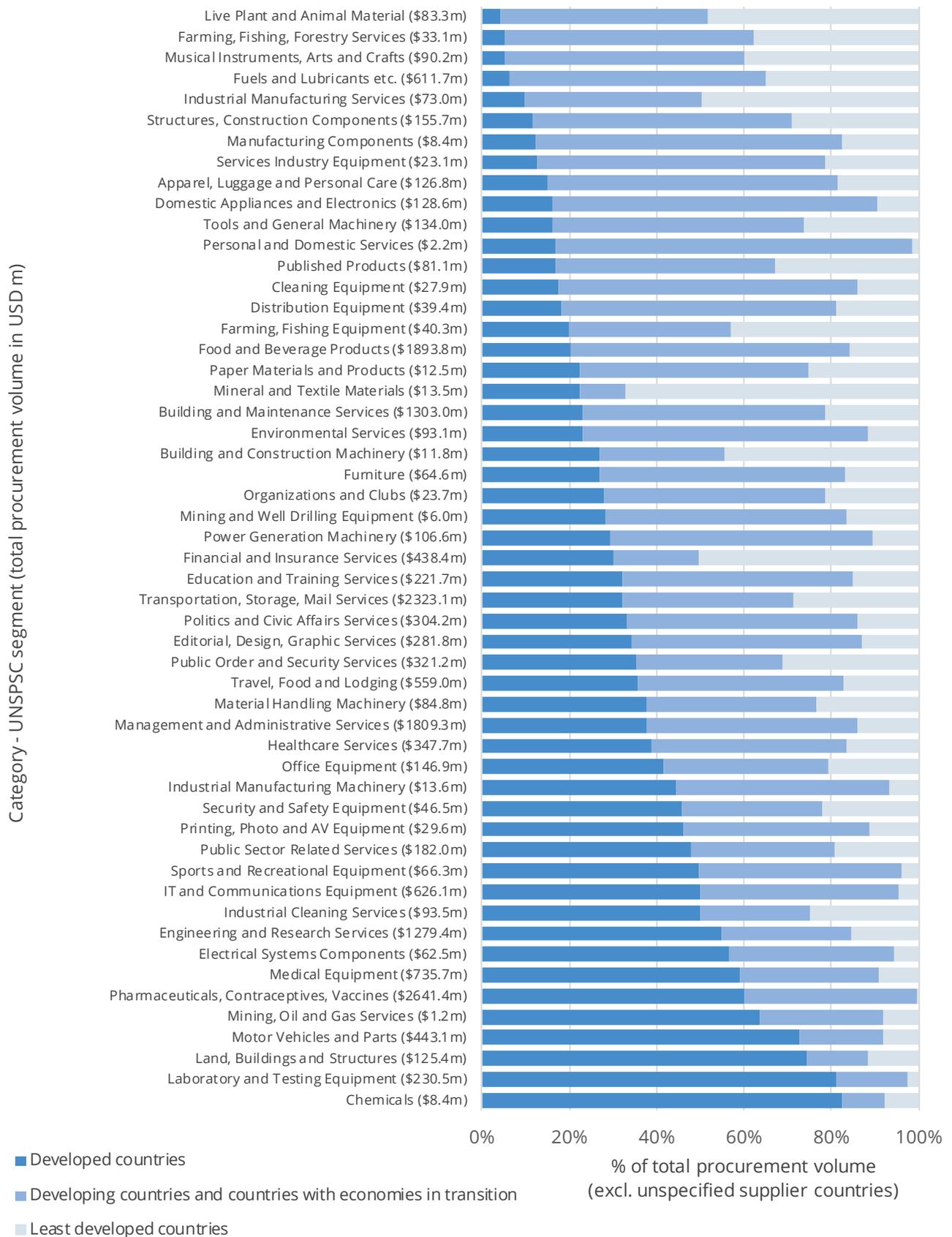
Category (UNSPSC segment level)	Total 2017 (USD m)	Total change 2016-2017 (%)	Share of procurement from developing countries, countries with economies in transition and LDCs 2017 (%)
Pharmaceuticals, Contraceptives, Vaccines	2,641.4	-7.3%	39.8%
Transportation, Storage, Mail Services	2,323.1	-3.5%	67.7%
Food and Beverage Products	1,893.8	0.1%	79.7%
Management and Administrative Services	1,809.3	8.5%	62.3%
Building and Maintenance Services	1,303.0	9.9%	76.9%
Engineering and Research Services	1,279.4	28.2%	45.0%
Medical Equipment	735.7	19.5%	40.8%
IT and Communications Equipment	626.1	36.4%	50.2%
Fuels and Lubricants etc.	611.7	3.7%	93.8%
Travel, Food and Lodging	559.0	110.2%	64.3%
<b>Top 10 total</b>	<b>13,782.4</b>		
<b>UN total</b>	<b>18,622.7</b>		

In 2017, procurement was recorded against 57 different UNSPSC segments (the same number as in 2016). The ten largest segments by procurement volume are shown in Table 1.4. The largest segments were *Pharmaceuticals, Contraceptives, Vaccines* (\$2.6 billion), *Transportation, Storage, Mail Services* (\$2.3 billion) and *Food and Beverage Products* (\$1.9 billion). *Pharmaceuticals, Contraceptives, Vaccines* was the segment that realized the largest decrease in absolute terms in 2017 compared to 2016, while expenditure in the *Travel, Food and Lodging* segment increased the most, more than doubling from \$265 million in 2016 to \$559 million. This was due, in part, to increased reporting of travel expenditure in 2017 compared to 2016.

There were 53 different UNSPSC segments of goods and services with the procurement volume above \$1 million in 2017. Of these, in 44 segments, more than 50 per cent of the procurement by volume was from developing countries, countries with economies in transition and LDCs. Total procurement from these 44 segments was \$13.1 billion. There were 15 segments where more than 80 per cent of procurement volume was from developing countries, countries with economies in transition and LDCs, representing \$1.6 billion of procurement.

<sup>14</sup> Some changes to improve the assignment of UNSPSC codes to sectors mean the results presented here are not directly comparable to the 2016 report. More information on sectors used is in Annex III – Sectors and category names.

**Figure 1.5 – Distribution of categories of goods and services by supplier country development status and total procurement volume by segment (UNSPSC segments with procurement volume above \$1 million; unspecified goods and services excluded)**



The UNSPSC segment *Fuels and Lubricants* etc. was the largest where procurement from developing countries, countries with economies in transition and LDCs represented more than 80 per cent of the total procurement volume. Of the total \$612 million procured in this segment in 2017, \$358 million was from developing countries and countries with economies in transition, and \$213 million was from LDCs. UNPD was the largest procuring organization in this segment (\$398 million).

Of the segments where procurement was predominantly from developed countries in percentage terms, *Pharmaceuticals, Contraceptives, Vaccines* was the largest, with \$1.6 billion of the total \$2.6 billion from developed countries. However, India was the largest supplier country for this segment, with \$642 million procurement in 2017.

The calculation of percentages in this analysis excludes procurement where the supplier country is unknown. Of the \$664 million procurement volume in 2017 where the supplier country is unknown, \$203 million was in the *Building and Maintenance Services* segment and \$80 million was for *Transportation, Storage, Mail Services*.

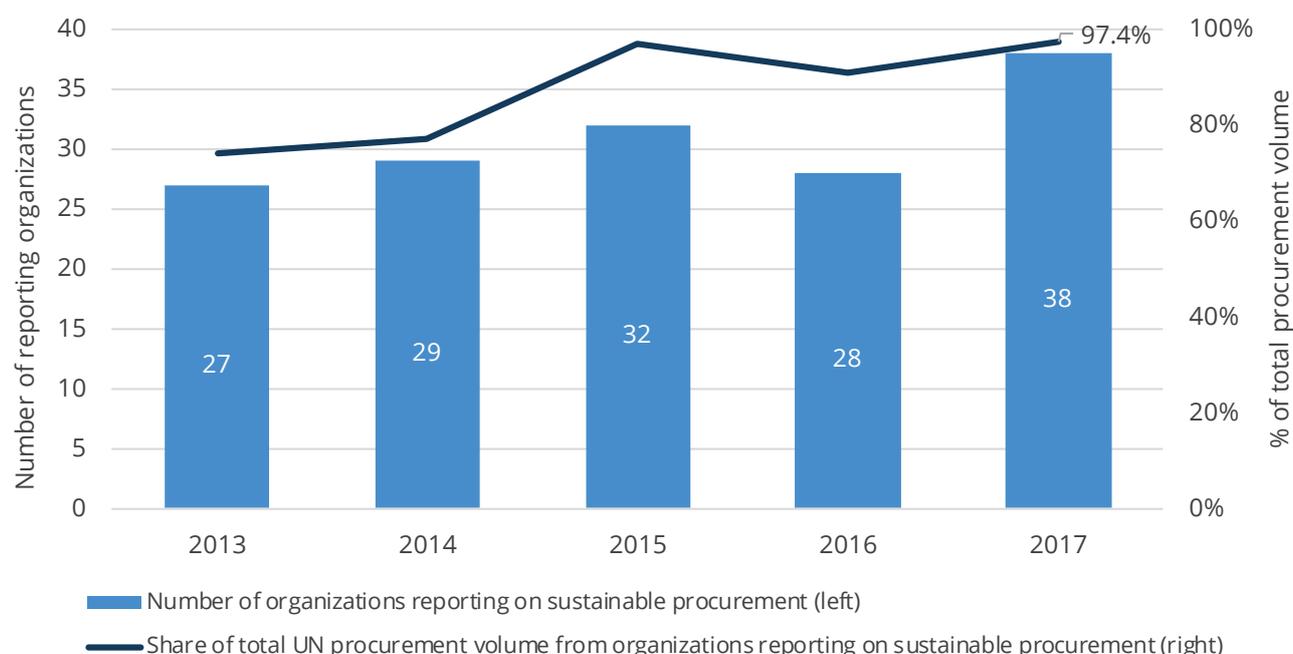
Further information about procurement by category is in chapter 3.

### Sustainable procurement in the UN system

This purchasing power of UN organizations can be used to advance sustainable development through the incorporation of sustainability considerations into the procurement process.

Sustainable procurement is defined as “practices that integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.”<sup>15</sup> As part of the ASR, organizations were able to report on the extent to which sustainability considerations have been integrated into their procurement processes.

Figure 1.6 – UN organizations reporting on sustainable procurement, 2013-2017



<sup>15</sup> UN High Level Committee on Management Procurement Network (HLCM, PN) and adopted in Vienna, February 2009.

A further ten organizations provided information on sustainable procurement in 2017: 38 of the 40 organizations providing procurement data for the ASR submitted sustainable procurement information, compared to 28 out of 39 in 2016. Together, the reporting organizations accounted for 97.4 per cent of total UN procurement (see Figure 1.6).

Formalization of sustainable procurement through high-level commitment continued to be important for reporting organizations. Twenty out of the 38 reporting organizations noted they had adopted or were planning to adopt a policy on sustainable procurement while 17 noted the same for a sustainable procurement strategy.

Whether in possession of such a high-level document or not, 33 organizations in 2017 noted that they were applying some sort of sustainable procurement initiative, with the majority employing a total cost of ownership approach in their financial evaluations. Many organizations continued to incorporate sustainability criteria into the requirements definitions of their tenders.

Amongst the types of sustainable procurement considerations that can be incorporated in procurement processes, economic considerations continued to be applied most often, by 68.4 per cent of reporting organizations, followed closely by environmental and, third, social considerations.

Reporting organizations made considerable progress on their internal capacity development. In 2017, 22 out of 38 organizations reported they had trained or were planning to train their procurers in sustainability, compared to 13 out of 28 organizations in 2016.

In terms of supplier engagement, more than half of the reporting organizations said that they verify the adherence of suppliers to the United Nations Supplier Code of Conduct, a slight improvement compared to 2016. However, the number of organizations that reported they engage with their suppliers to enhance their capacity to deliver more sustainable products decreased compared to 2016.

ASR procurement data was also analyzed to determine the share of procurement from companies participating in the UN Global Compact. The UN Global Compact is a voluntary global corporate sustainability initiative, calling on companies and other social actors to align their strategies and operations with universal principles on human rights, labour, the environment and anti-corruption. In 2017, procurement from companies participating in the UN Global Compact accounted for 15.9 per cent of total UN procurement, and continued a decreasing trend as noted in previous years.<sup>16</sup> While procurement from participating companies declined consistently in most regions, it increased substantially in the Latin America and Caribbean region.

Further information about sustainable procurement is available in chapter 4.

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<sup>16</sup> Data excludes suppliers where names were unknown or withheld for security reasons (7.0 per cent of total UN procurement volume).

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