



Copenhagen October 2008

- Procurement Authority
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Procurement Authority:

- The Administrator has delegated oversight and approval authority to CPO
- The CPO delegates the authority to RR, Directors and Heads of Bureaus for award of contract valued at less than \$100,000
- Increase of procurement authority can be delegated by the CPO based on needs and capacity.
- RR and Directors can sub-delegate the authority in writing.
- Oversight mechanism is CAP and ACP.
- Accountability



Advisory Committee on Procurement

- Established by CPO to oversee major contracts
- Review contracts which involve commitments to a supplier with respect to a single requisition or series of req in a calendar year valued at \$100,000 or more
- Any amendment of a contract previously reviewed by ACP where the contract amendment or a series of amendments either increases the total amount by 20% or \$100,000 whichever is less.
- Any amendment not previously submitted to the ACP where the revised total contract amount exceeds \$100,000.



ACP:

- Disposal, Write-off or transfer of goods with asset value \$30,000 or more
- All vehicle accidents or losses when gross negligence is the cause.
- Procurement of services related to individual consultants with contract amount exceeding \$100,000.
- Direct contracting \$ 30,000 and above



Scope of ACP Review

Objective: Mitigate Risk

- Procurement Process: Transparency, Method
- Specification/TOR/Quality
- Availability of Funds
- Value for Money/Cost Details/Consulting Fee
- Evaluation Modality
- Performance Security/Warranty
- Shipping/Insurance
- Licensing/Copyrights
- Use of LTA
- Type of Contract
- Payment Terms
- Environmental Impact



Common Reasons for Rejection

- Failure to undertake a competitive exercise
- TOR or Statement of Works or Specifications incomplete
- TOR or Statement of Works or Specifications too restrictive or biased
- Incorrect evaluation methodology or criteria
- Failure to submit requested documentation for ACP review
- Conflict of interest
- Value for money not obtained
- Incorrect procurement method used
- Incorrect shipping terms cited
- Cost Matrix not provided
- No information about the software, as to number of licenses, who will maintain etc.



Indicators for Delegation:

- Procurement Volume
- Procurement Capacity
 - Number of certified procurement persons
 - Head of Procurement
 - Roving Procurement Officers
- Quality of Submissions to CAP/ACP
- Effective use of Atlas
- Procurement Plan
- Audit Rating (Procurement)



Tips on the Increased Authority

- One of the offices was refused the delegation due to the below :
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- 1 During 2006, the number of POs raised by your office was 1,726.
- 2 The number of cases that exceeded \$100,000 was nearly 16 and number of cases exceeding \$300,000 was hardly 4 cases. Even during 2007 the trend is similar.
- 3 The ratio of cases exceeding \$100,000 forms hardly 1% of total number of POs while the number of cases exceeding \$300,000 forms an insignificant part of total number of cases and contract amount.
- 3 One of the major criteria of deciding the threshold for procurement authority is that there should be at least an independent review/ oversight of 5% of the cases



Role of the RCPO

- **Oversight:**
 - Review RACP cases
 - Chair RACP
 - Review CAP reports
- **Capacity Building/ Quality Assurance:**
 - Support & Build CO Capacity
 - Assist CO in setting up CAP
 - Assist the CO in presenting better submission
 - Maintain/strengthen and develop a team of Roving Procurement Officers.
- **Tools:**
 - Best Practices Series in the region
 - Help in improving the procurement tools/forms.
 - Share best and worst cases
 - Analyze Atlas procurement data
 - Maintain Procurement Dashboard



RBEC ACP

- Composition of RBEC ACP
- Friday COB BTS Submission Deadline
- Wednesday 11:00 BTS meetings
- Ad Hoc Meetings
- Semi Virtual and Virtual Meetings



Immediate and Longer Term Plans

- On the Job Training in Bratislava
- Regional Procurement Training
- Implementation of the E-Pro
- Procurement Certification Campaign
- CO Specific Requests on Training and Capacity Building



Evaluation Committee

- Chair= UNDP Staff – no vote but Veto rights
- 3-5 voting members
- Secretary no vote
- Invited or in-house expert when required
- Beneficiary to observe when required



Evaluation Committee Cont.

- Chair – could be Programme Officer/OM/CTA, etc.
- Voting members could include Project Manager
- EP is officially appointed by the RR



Civil Works check list

- CAP Minutes
- Independent International Civil Engineer certification of the BOQ and Unit Rates
- Evaluation Report and detailed comparative matrix
- Internal estimate
- Received Bids with BOQs
- Bid Opening Record
- Solicitation Document (RFQ/ITB) BoQ/Specifications/Drawings Bidding advertisements (websites, newspapers, emails)
- Declarations of Impartiality
- Pre-qualification docs
- Communications with bidders, if any
- Any other related to the procurement process



Civil Works Cont. How the process may look like:

- UNDP either gets an approved design or advertises RFP for it
- Design, depending on the complexity may be prepared by one, group of designers or by a design company
- After the design approval offices seek site construction permission (often includes a complex exercise for soil checking; clearance from police, fire brigade, sanitation, nature protection , etc). This varies country by country and may be part of the design itself
- Design is supplemented with BOQ and an estimate. Again either the design company does it or UNDP engages expert/s to prepare one
- Offices either advertise a prequalification or ITB directly
- Lowest bid is chosen.



Civil Works Cont. How the process may look like cont.:

- Now, one must be careful to see why a company quoted 20 or 40% lower or even higher than our internal estimate. At times companies do have stocks of gravel, cement bricks or other materials or they produce them or have a whole sale stores. At times our specs were very broad so the company offered sophisticated equipment instead of a simple one that were planned .
- So bottom line is that proper analysis must be carried out before we disqualify anyone for a low price. Site visit and a pre bidding conference often help in narrowing the gaps or misunderstandings
- The best option is when the ITB has clear requirements on the documentation as well as the specs.



Civil Works Cont. How the process may look like cont.:

- After this offices do request an independent international engineer opinion on the design, BOQ and unit rates. The idea is to get an independent expert opinion and advise. The international may mean different things but indeed what UNDP is looking at is the understanding of the best international standards as well as the transparency and acceptability of the costs. Depending the complexity one may even recruit an engineering company. Some offices do recruit such upfront. However ACP is always looking for a final reports.
- RBEC have some list of engineers that have assisted our good offices.
- At this point ACP asks for an independent international engineer report for any civil works contract above USD 100K.
- ACP also looks at the contract management procedures i.e. who is in charge, who checks the quality, what are the risk management mechanisms; who clears the invoices; how big is the risk of fraud, collusion; what are the nature protection issues, etc.



Recent Q&A

- Can we use RFQ with closed envelopes and cumulative analysis for the contracts below 100K? The issue is that some offices modify the RFQ and its kind of a hybrid between RFP and RFQ (has parts of both).
- Here one may split into two options: 1 SSA ; 2 Services or goods.
- **RFQ is an informal method. We could use it for the Services but the best way may be to first ask for the technical proposal; evaluate it and only then ask for the financial in case we do not want to go for the lowest bid. This is relevant for the SSAs as well**
- **The best and the cleanest way is the lowest or RFP**
- Can we change the weights in the evaluation criteria of the RFP, say decrease the overall expertise as well as the work methodology and increase the personnel? At times the evaluation of the CVs do need more weight.
- **OK case by case . Change depending on the requirements and need to justify and advertise upfront**
- When awarding an SSA to individuals do we need to check if they work somewhere else on a full time bases (not in the Governments)?
- **We can be flexible for short, single time, deliverable based SSAs: translation; technician, similar. The rest not possible**



Vendor management

- To safeguard UNDP against the illicit use of publicly entrusted funds in terrorist financing, the Country Offices should assess all individual and legal entities with whom business is conducted, to ensure that funds are used for their intended purposes. To sustain financial control of such public funds and compliance with the UN's regulations and guidelines regarding anti-terrorist financing practices, organizational due diligence requires Business Units to:
 - (a) **review each Supplier's profile;**
 - **(b) confirm the Supplier's business registration with government authorities; and**
 - **(c) cross-check against the UN Security Council 1267 Committee's [Consolidated List of Individuals and Entities with Associations to](http://www.un.org/sc/committees/1267/consolist.shtml)**
<http://www.un.org/sc/committees/1267/consolist.shtml>
- [ist Organizations.](#)
 - The UN also makes continuing efforts to ensure that the organization conducts business with vendors who adhere to the highest ethical standards. **The UN Procurement Division maintains the List of vendors Suspended or Removed from the UN Procurement Division Vendor.** The Country Offices should also cross-check against this list before entering into contract with any legal entity
- <http://europeandcis.undp.org/intra>