



# ***Joint Training on Effective Electoral Assistance***

**Karen Hong  
UNDP/PSO**

***UNDP Procurement: The Big Picture  
Maputo, 23-28 June 2008***



In collaboration with: International Organization for Migration



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# Procurement Defined

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Procurement is the overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset.



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# UNDP Procurement Framework

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- Focus on more integration between Program and Operations
- Decentralised procurement
- Support via - Procurement Support Office in Copenhagen



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# Principles of UNDP Procurement

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The following general principles must be given due consideration while executing procurement on behalf of UNDP:

- **Best Value for Money**
- **Fairness, Integrity and Transparency**
- **Effective International Competition**
- **In the interest of UNDP**





# Principles of UNDP Procurement

**Best Value for Money  
What is the actual cost?**



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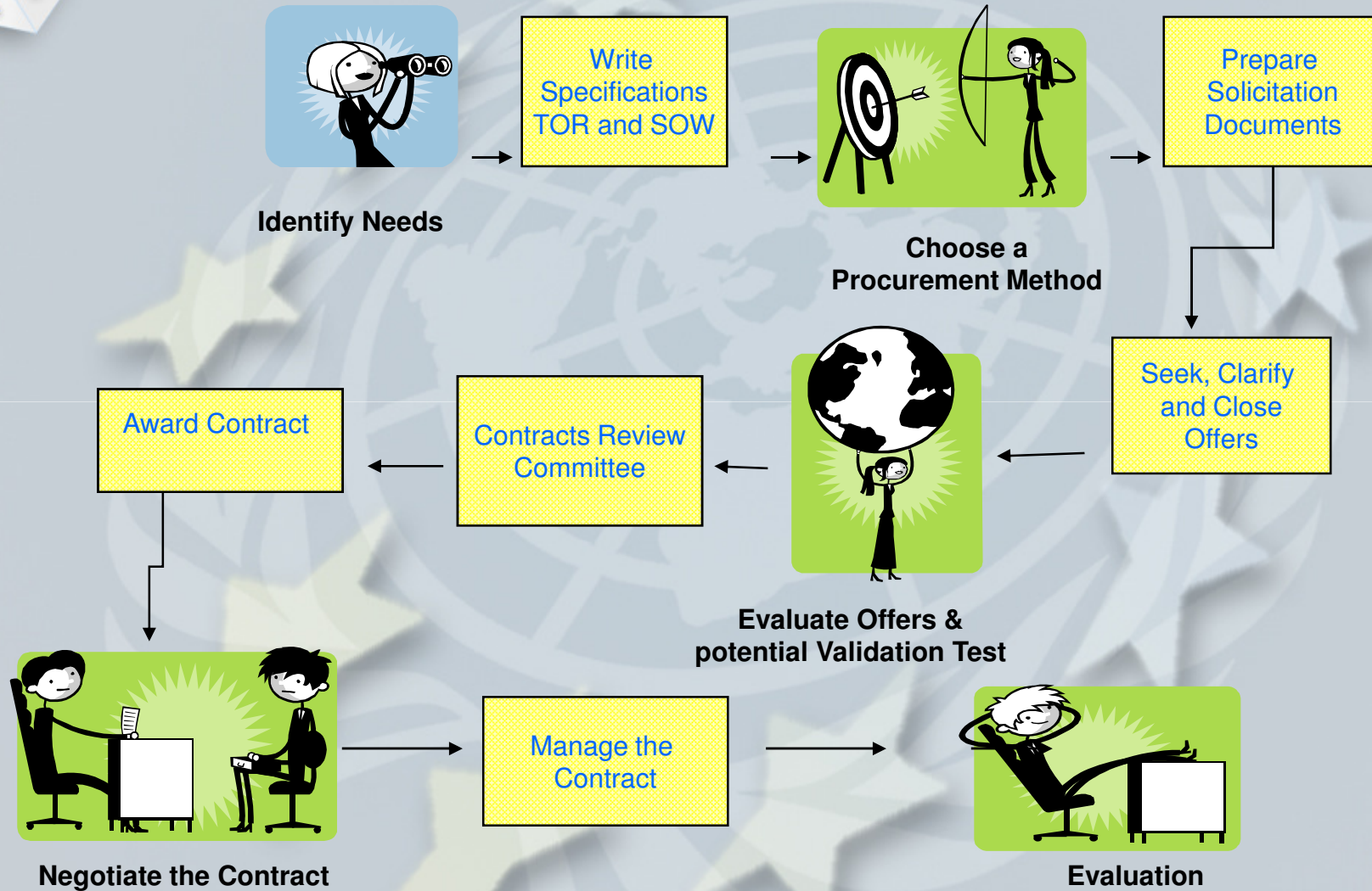
# Principles of UNDP Procurement

## Effective International Competition: Types and implication on lead time

Tender Methodology	Application	Lead time
<b>If Long Term Agreements (LTA) does not exist</b>		
<b>RFQ – Request for Quotation (Goods/Services)</b>	<b>&lt; USD 100,000</b>	<b>1-3 weeks</b>
<b>ITB - Invitation to bid (Goods)</b>	<b>&gt; USD 100,000</b>	<b>10-12 weeks</b>
<b>RFP – Request for proposal (Services)</b>	<b>&gt;USD 100,000</b>	<b>12-16 weeks</b>
<b>Where LTA exists</b>		
<b>LTA – Long term agreements</b>	<b>Where they exist</b>	<b>1 – 4 weeks</b>



# Procurement Chain





# Procurement Action Plan

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## WHAT?

Defines what will be purchased, how, when, estimated cost, timeline, the levels of approval required, risk areas, etc.

Acts as a road map to the Buyer in specific and the project in general

## Typical Procurement Action Plan with Timeline

2 weeks: EOI/Pre-qualification

3 weeks: International Tender Exercise

2 weeks: Technical Evaluation

1 week: Financial evaluation

1 week: Drafting of the CAP submission

1 week: CAP review and preparation for the submission to ACP

3 weeks: ACP review

2 weeks: Negotiation and award of Purchase Order/Contract

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**15 weeks**

3-4 weeks: Delivery into the country

**Total 17 - 18 weeks**



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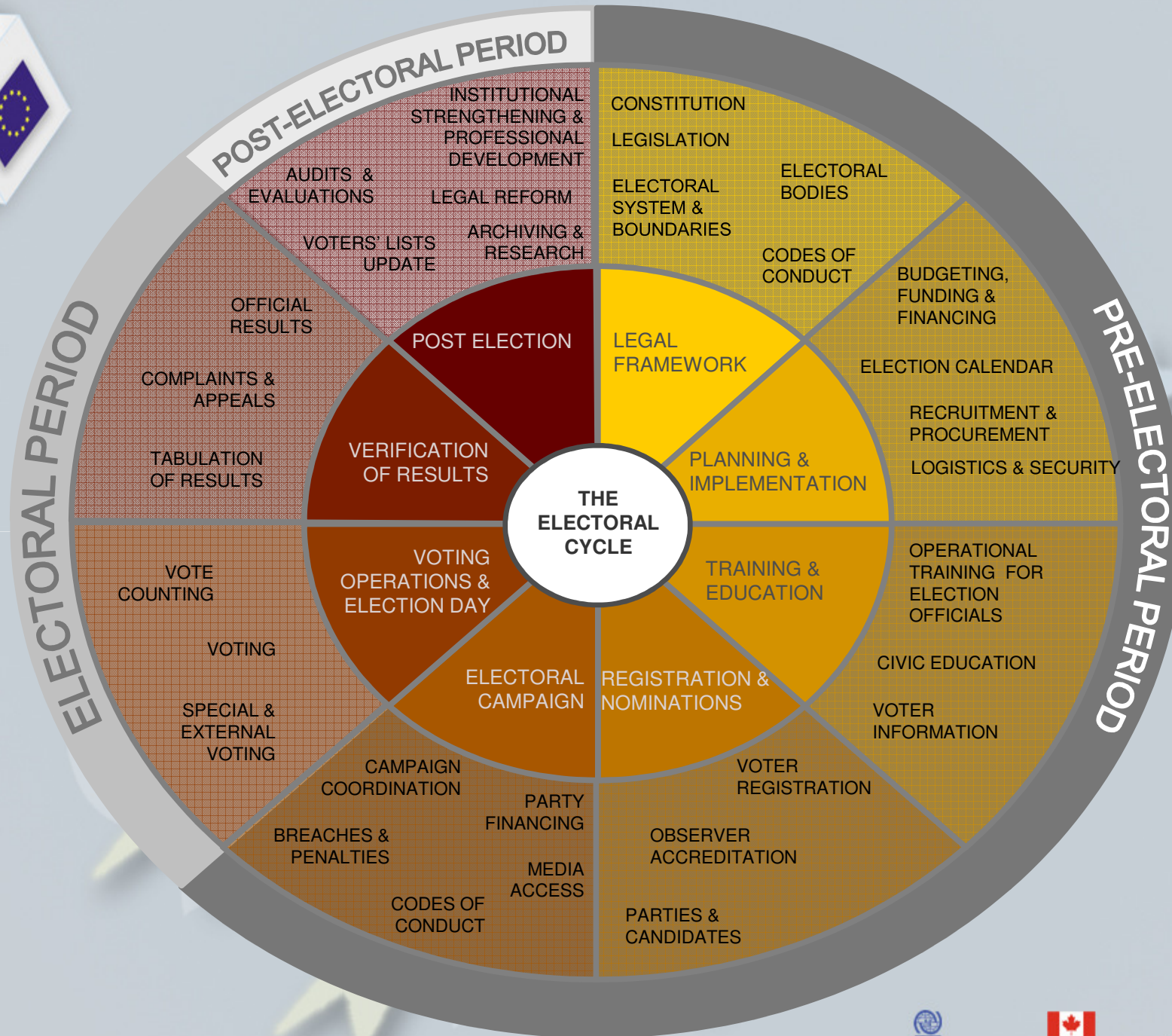
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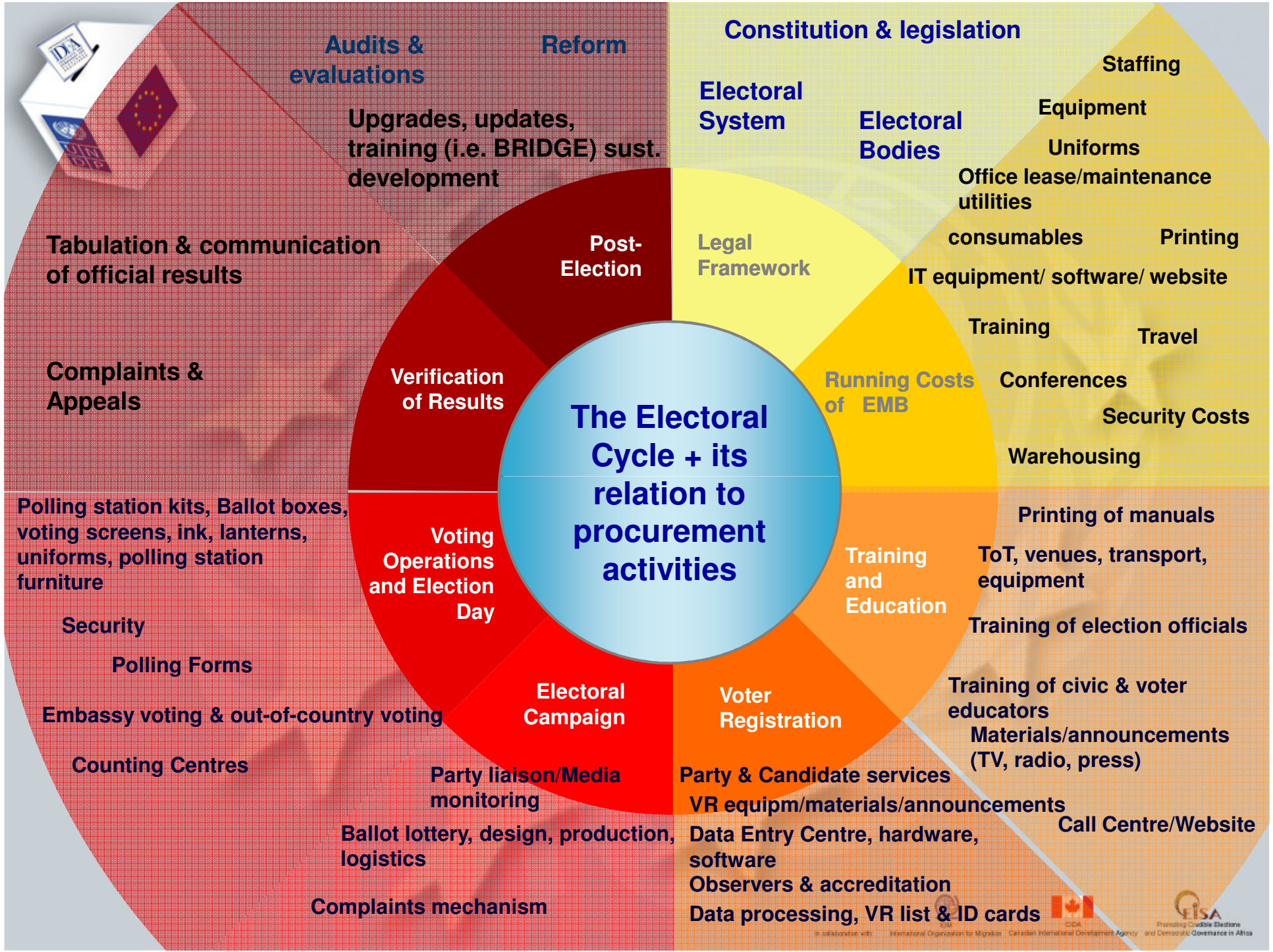
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# Procurement within an Electoral Cycle

Commonly purchased goods and services by UNDP-PSO

- **Training and education:**  
Printing services (manuals, posters), training programme, logistics, training kits, venue, hiring of experts
- **Voter registration:**  
Printing, purchase of office equipment, ICT, registration kits, logistics, hiring of experts
- **Data Centre**  
Hardware, software, training, integration of services, venue
- **Electoral campaign**  
Media monitoring, printing and venue set up for ballot lottery services
- **Elections day**  
Security & non-security printing, ballot boxes, polling day kits, voting screens, ink, lanterns, uniforms, furniture, logistics



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# Procurement within an Electoral Cycle

## Roles of Specification/Terms of Reference

### Purpose:

To provide a basis for obtaining a good or service to satisfy a particular need at an economical cost

### Criteria of good specification:

- Identify minimum requirements (design – i.e. dimension, weight or performance – what it can do)
- Generic, unbranded to allow for competition
- Well balance - Not restrictive but also sets limits
- Identify standards in order to test for compliancy and provide quality assurance (i.e. ISO)

**If the Specifications/Terms of Reference are adequate, 50% of the procurement process is already done!**



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# Procurement within an Electoral Cycle

Procurement Oversight

- Key purpose is to mitigate risks
- Provided for in UNDP through the Financial Rules and Regulations and Procurement Manual as part of Internal Control Framework – ‘Checks and Balances’ in action via strong segregation of duties
- Avoid a closed loop circuit – a process does not begin and end with one person or group

**In practice?**

Done in many levels/stages of the procurement chain



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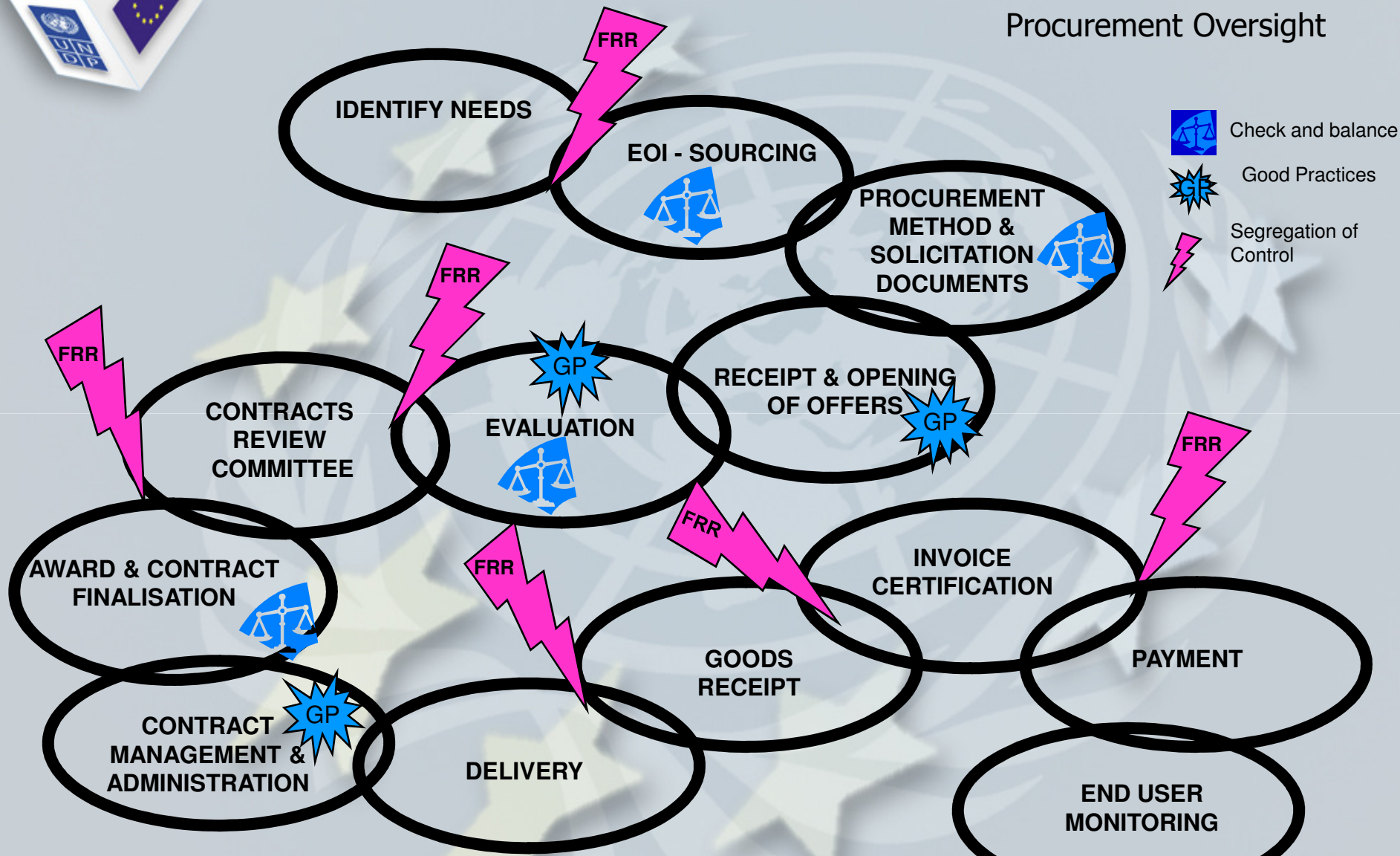


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# Procurement within an Electoral Cycle

## Procurement Oversight





# Procurement within an Electoral Cycle

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## Risks and Challenges - A Worm's Eye View

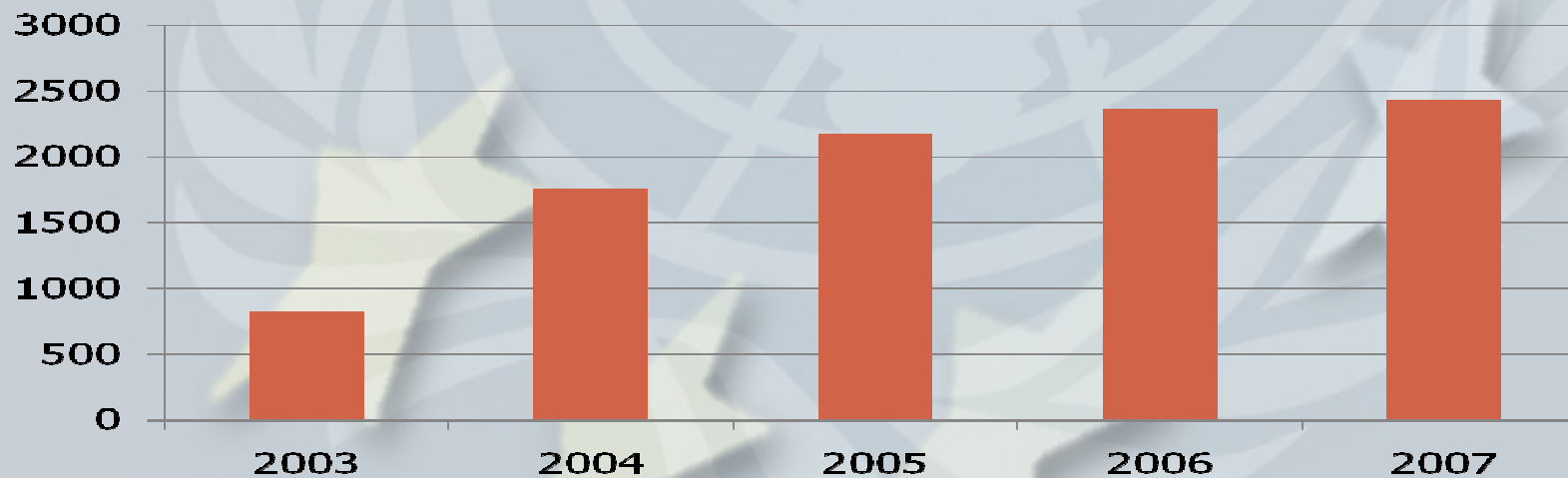


# UNDP Procurement

One Step Back

- The volume of UNDP procurement tripled to approximately \$2.5 billion over a three-year period
- It is no longer a back-office, but rather a mission-critical function
- Procurement having a much larger scope than generally acknowledged!

Procurement Trend (USD Mil)



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# UNDP Procurement

Case no: 1

## ***Formulation of the Support to the 2008-2011 Strategic Plan of the National Election Commission in Rwanda***

**2008 Total Budget: US\$ 19 million equal to 34% of overall 2008-2011 budget**

**Procurement related activities: US\$ 11.7 equal to 61 % of total 2008 expenditure**

**(here of 36% for procurement of electoral material and logistics, adding up with tendering for training, civic education, EMB core running costs such as comms services, stationary, maintenance, car rental etc.)**



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# UNDP Procurement

Case no: 2

## *Formulation of the Support to the Zambian Electoral Cycle 2008-2011*

**Total Budget: US\$ 17 million**

**Currently allocated procurement activities: US\$ 8 million equal to 47 % of total expenditure**

**(these 47% covers only procurement of civic & voter registration material, IT equipment, and contracts for various services but excluding E-Day material and logistics, hiring of international and national experts, EMB core running costs etc.)**



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# Cost of Registration and Elections

Different issues involved – like-to-like comparison among countries unlikely

## When cost is discussed it could involved:

- The direct procurement cost
- The diffuse cost – difficult to quantify, will not be budgeted for in the ProDoc

## Other issues to be considered:

- Integrity cost – related to voter & ballot security. Crucial in emerging and post conflict countries, linked to public trust
- Core cost - election-based activities i.e. voter registration, polling day, counting etc. incurred independent of the integrity cost

**So how much does an election actually cost?**





## Comparative Data Cost of Registration & Elections

### *Stable Democracies: \$1-3*

Chile	\$1.2
Costa Rica	\$1.8
Brazil	\$2.3
Botswana	\$2.7
India	\$1.0

### *Transitional Democracies: \$3-8*

Mexico	\$5.9
El Salvador	\$4.1
Paraguay	\$3.7
Lesotho	\$6.9
Uganda	\$3.7

### *Post Conflict Elections in Peace Keeping Environment \$8-45*

Angola	1992	\$22.0
Cambodia	1993	\$45.5
Mozambique	1994	\$10.2
Afghanistan	2004	\$20.0
Haiti	2005	\$11.0



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# UNDP Procurement

## Case Study – VR Costing

Voter Registration kits with ID and photo for 2500-3000 Voters – Cost estimation (in USD)

<b>Option 1: Low-tech voter registration kit</b>		<b>Option 2: OMR Forms registration kit</b>		<b>Option 3: Digital registration kit</b>	
Total price per Kit	US\$21.20	Total price per Kit	US\$1,166	Total price per Kit	US\$4,015
Total price per Voter	US\$ 0.71-0.85	Total price per Voter	US\$ 0.39-0.47	Total price per Voter	US\$1.34-1.67
		OMR Machine	US\$60,000		
Hidden cost - Logistics	10%-25% of contract cost		10%-25% of contract cost		10%-25% of contract cost





# Elections Procurement – Risks and Challenges

The most commonly experienced risks in electoral procurement are:

## Structural Arrangements in place

- Independent EMB (is it?)
- EMB with a permanent structure or is it a shell?
- Human Resources in EMB and UNDP (bodies or technical experts?)
- Procurement Structure in EMB and UNDP (low/high capacity?)

## Supply Market Distortion

- Political lobbying lead to prejudicial outcome of the tender process, market distortion
- Some commodities are very simple but limited specialized suppliers
- Affects cost, best technical solution, undermined the procurement entity

## Insufficient Budget

- Lead to sub-optimal goods and services being purchased
- Several ad hoc procurement exercise as patch work solution



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## **Elections Procurement – Risks and Challenges**

### **Inflexible deadlines**

- Often use by critical stakeholders as a tool to exert pressure on the procurement agent
- Cause serious value for money predicaments i.e. need to airfreight, create artificial single source situation

### **Incomplete or Late Technical Specifications and ToR/Request for assistance**

- Creates small margin for error, remedy action limited
- Creates ambiguity, a situation suppliers can manipulate and difficult for procurement agent to disqualify
- Can result in the wrong supplier being selected

### **National ownership, capacity and infrastructure**

- EMB may not be ready, not created yet or simply lack capacity
- Capacity is not just a one-off training
- Does policy frameworks, systems & tools, procedures, understanding of budget exist?
- Leadership?
- Some developing countries are challenged logistically i.e. DRC, G-Bissau





# Elections Procurement – Risks and Challenges

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## Reputational risk

- To EMB, UNDP and the donor community
- The media and certain stakeholders may misrepresent the procurement actions

## Unrealistic Expectations

- By stakeholders on the Procurement Rules & Regulations to deliver
- Ill-informed of the market response time and structure

## Technological Innovations and Sustainability

- Over-focus on traditional products i.e. poloroid cameras, silver nitrate ink
- Innovation in the market place was not embraced

## Cost of high-tech solutions and sustainability

- Cost of VR without logistics factored in could go up to US\$1.78
- Could create unrealistic benchmark for some countries
- Creates negative perception if this is not repeated in subsequent elections
- Could be a one-time event with little synergies into a wider institutional plan







# Elections Procurement – Solutions

## Seek advice early

- First and foremost – be aware that emergency ambulance is available!
- Make informed decision

## Integrate procurement into project formulation

- Include procurement opinion/s into project formulation
- Create a role for Procurement Officer in the PMU

## Procurement tools + Innovation

- Procurement plans to establish realistic timeline
- Long Term Agreement (LTA) to create efficient procurement, expedite delivery, control unrealistic price/build economy of scale
- Explore innovative options i.e. better/new products, leasing options, total outsource, synergize with other civil activities

## Respect for code of conduct

- Play fair – suppliers and EMB

## Be realistic with the budget

- Tools available via the EC Methodological Guide and CORE guideline



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**Electoral Procurement Workshop:  
28 – 30 October 2008  
Copenhagen**



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