



Sustainable Procurement Practice Group

**Sustainable Procurement Practice Group – Introduction to
Procurement for Project Management Foundation Course**

Agenda

Introduction

Brief introduction to SPPG
Procurement at UNOPS

Procurement basics

Overview of procurement at UNOPS

Group exercise – part 1

Groups work on assigned task

Group exercise – part 2

Presentation and discussion of results
of group exercise

Wrap-up

Exit discussion and wrap-up of session

What is procurement?

Procurement is the acquisition of:

Goods

Works or services

Property, plant and/or equipment

Through

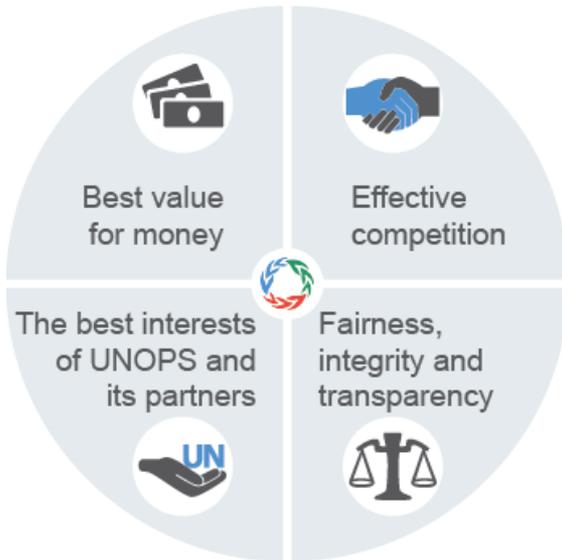
Purchase

Hire, lease, rental or exchange

from any source other than the UN



Procurement principles



Best value for money: UNOPS defines ‘best value for money’ as the trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria.

Effective competition: UNOPS fosters competition in all procurement processes, as a means of ensuring fairness, integrity and transparency. Therefore, competition should be as open as possible.

The best interests of UNOPS and its partners: Maintaining the highest personal and institutional integrity, upholding the image and reputation of UNOPS, and promoting the public good as specified in the principles of the United Nations in every aspect of UNOPS procurement operations.

Fairness, integrity and transparency: Free from favouritism, impartial, honest and applies visibility and openness in all transactions. All information on procurement policies, procedures, opportunities and processes are clearly defined and made widely known and available, and rules and procedures are applied consistently to all potential bidders.

Ethics overview

DO

- Make information available to all bidders at the same time
- Provide identical information to all bidders
- Apply evaluation criteria equally to all offers
- Ensure suppliers respect obligations on environment and social responsibility, such as child labour laws, non-discrimination, human rights, etc.
- Encourage competition by not using unnecessarily restrictive or “tailored” specifications, terms of reference or statements of work.

DON'T

- Participate if you have a personal/financial interest in a bidder
- Restrict competition
- Accept gifts – gifts should be returned to vendor or disposed of (if low value)
- Solicit or accept any promise of future employment from anyone who has sought or is seeking to obtain UNOPS business
- Engage with suppliers if they demonstrate unethical or corrupt behaviour.



Sustainable procurement at UNOPS



Presented by Nives Costa,
Sustainability Analyst





Sustainable procurement at **UNOPS**

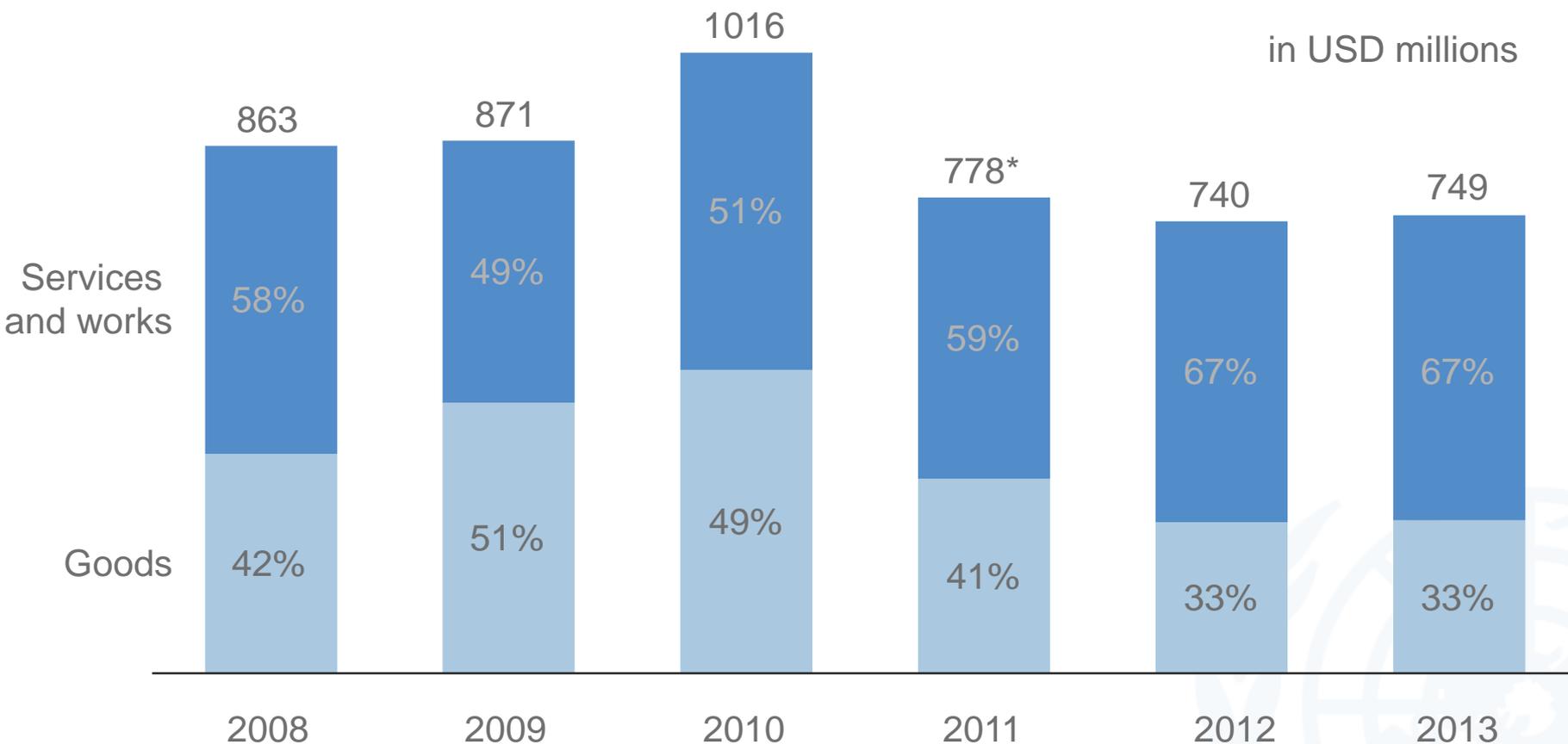


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Total volume of UNOPS procurement was \$749 million in 2013, 67% of which was for services and works.

in USD millions

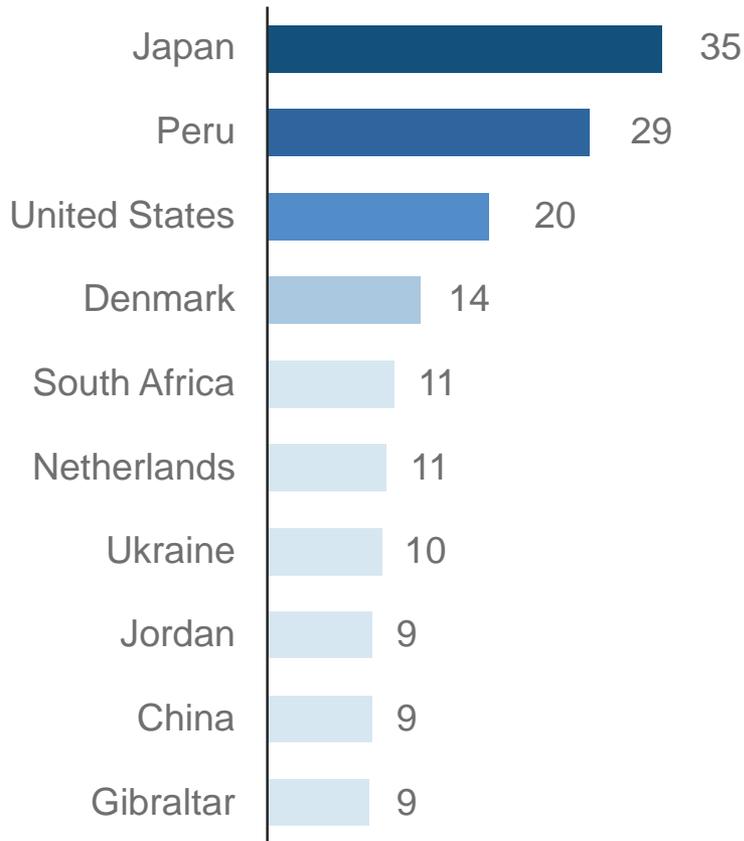


* Reduction in procurement volume from 2010 to 2011 was in part due to change in governmental regulation in South America

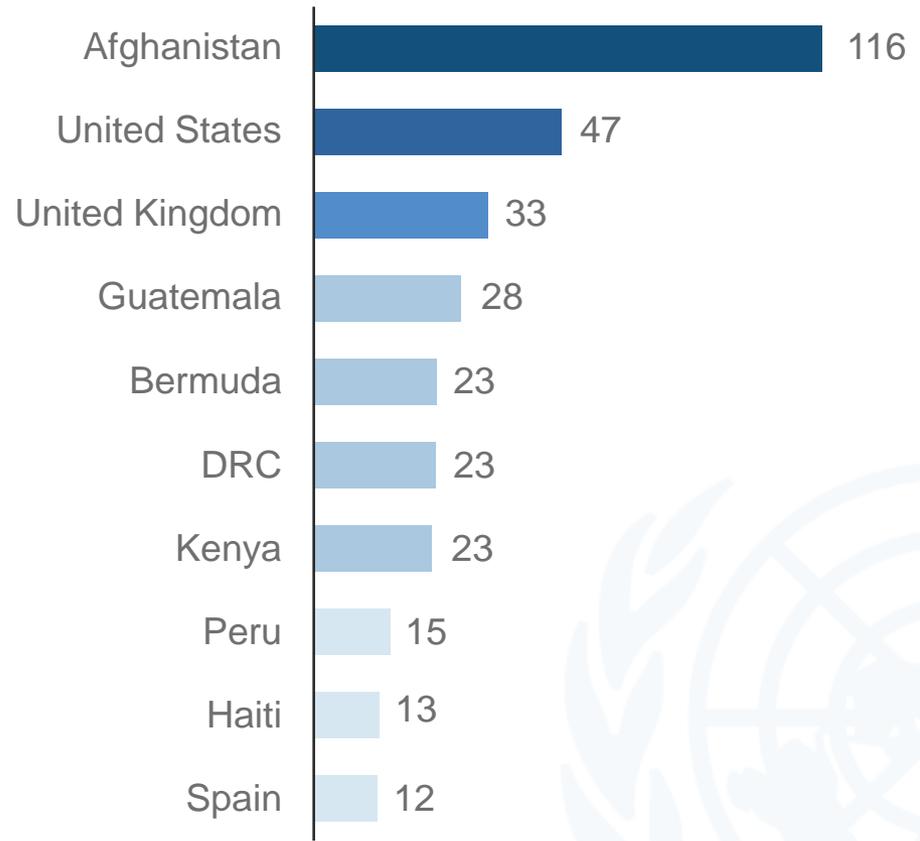
Where does UNOPS buy from?

Top 10 supplier countries for services and goods 2013

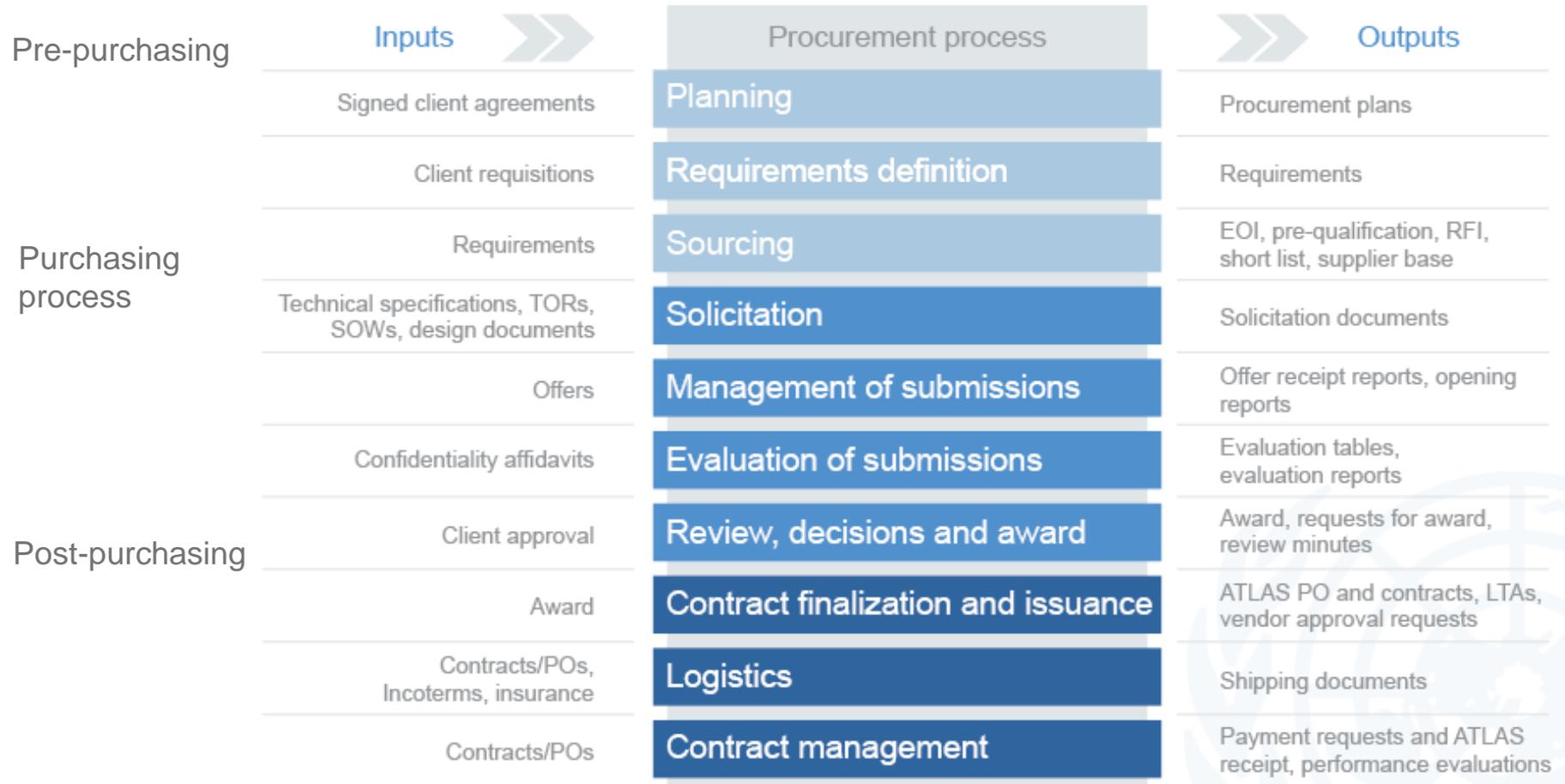
Goods (USD millions)



Services (USD millions)



Before you start purchasing, you need to be fully aware of and aligned with:



Planning overview

Procurement planning is the process of assessing and projecting the procurement needs of the project in order to determine its procurement strategy. Most potential savings in the procurement process are achieved by improvements in the planning stages.

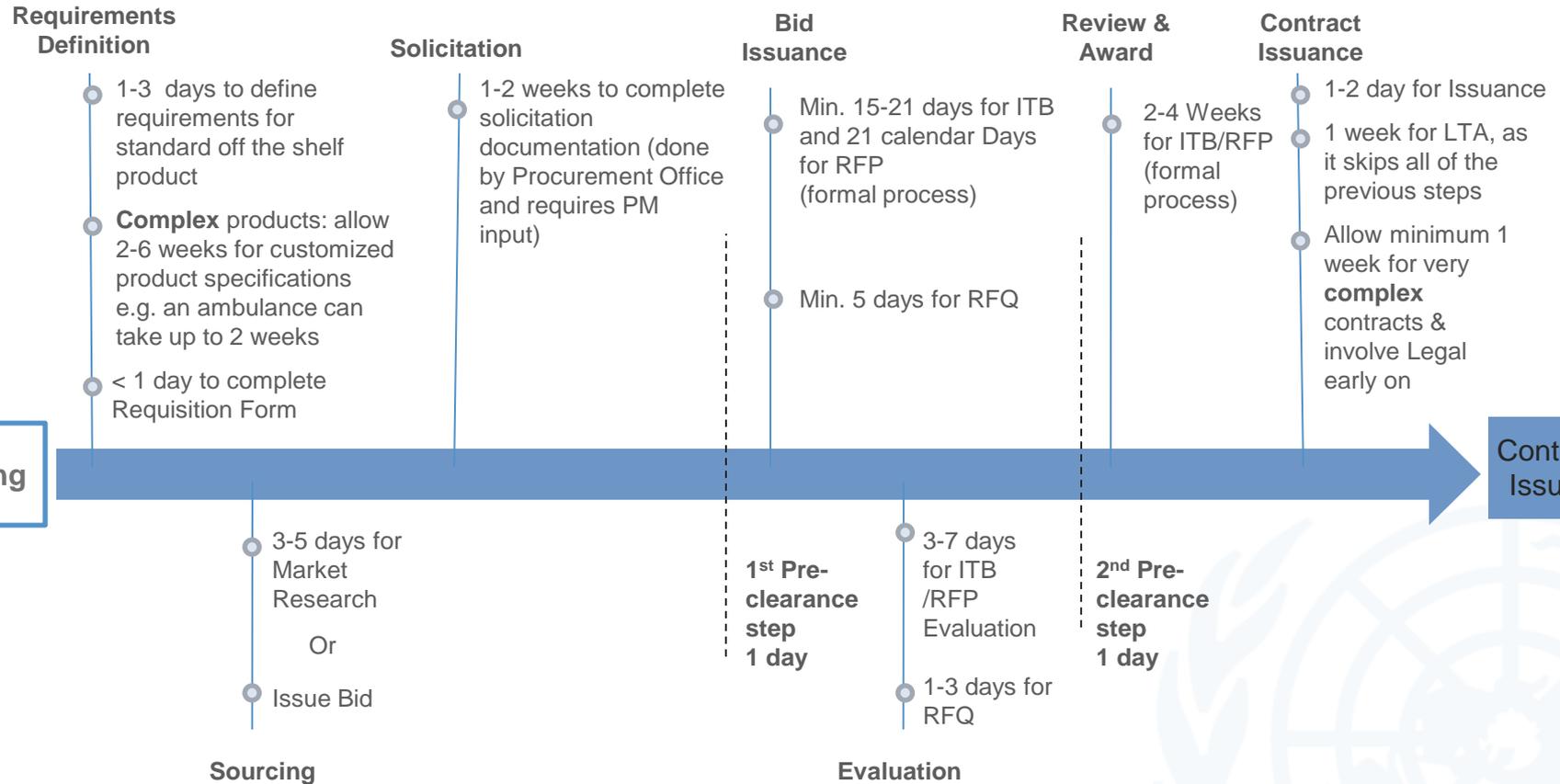


Benefits of planning

- Reduced costs and increased likelihood of timely delivery
- Better requirements definition increasing the probability of receiving strong offers
- Improved sourcing ensuring appropriate qualifications of suppliers
- Less waste of resources on last minute actions
- Less repetitive labour intensive procurement activities
- Reduction of delays and lead times as a result of the ability to perform in advance
- Reduced transaction costs through consolidation of procurement actions
- Better planning and monitoring of procurement activities

Planning for your project

The procurement plan is based on estimates of procurement activities to be carried out in the next six to twelve months. Below are some estimated durations based on standard process.



Approximate total timelines of formal methods of solicitation from identification of need until contract signature:

Invitation to Bid (ITB for works)

Min: 11 weeks
Max: 21 weeks

Request for Proposal (RFP)

Min: 12 weeks
Max: 22 weeks

It is possible that the ITB / RFP process will be shorter than this but when planning we should provide for an appropriate time contingency.

The above timelines do not take into consideration the actual delivery and completion times of a procurement activity.



Backward planning exercise - summary

School opening

Apply backward planning and ensure that procurement timelines are integrated in your project planning.



Milestone	Approximate timelines
Delivery – completion of contract	2 years (or whatever has been agreed in the schedule of the contract)
Contract signature	Up to 2 weeks
Review of award of contract	2-4 weeks if Contracts and Property Committee review (CPC) is required, either locally (LCPC) or at head Quarters (HQPC) 1-2 weeks after approval of award
<i>Note: the contract can only be awarded if the funds are available and have been approved by your local Finance Officer!</i>	
Evaluation of offers	1-3 weeks, subject to complexity and stakeholders involved
Solicitation process	1-2 weeks preparation, plus: 2 weeks min. (ITB for works) 3 weeks min. (RFP)
Sourcing process	1-3 weeks, subject to complexity
Definition of needs	1-3 weeks, subject to involvement of technical experts and preclearance and approval process of terms of reference/scope of works
<i>Note: Ensure that funds are available with your local Finance Officer!</i> <i>Note: Please also check the following pages on definition of needs!</i>	
Signed project agreement	Outside the procurement process



School opening = substantial completion date



Ghazi boys high school in Afghanistan [link](#)

Date x as per contract

Defects notification period (DNP)

6 – 12 months

Procurement authority (PA)

Procurement Authority is the person who commits UNOPS funds through the award process.

Procurement authority is delegated to **individuals** not to functions.



- Designated by the SPPG Lead
- Preclearance in accordance with the Master Table 1 in the Procurement Manual
- Quarterly reports (awards below CPC review threshold and less than 3 bids received)
- PAs cannot exercise their authority if pre-clearance is not provided



Roles in the procurement process

Procurement authority (PA)

Personnel in possession of a written delegation of authority (DOA) for procurement

Procurement reviewer

Personnel with pre-clearance authority for a variety of procurement activities

Procurement official

Personnel responsible for the respective procurement exercise

Technical evaluation team (TET)

Minimum two, normally less than five, personnel appointed by PA to provide objective and expert advice during evaluation

Bid opening panel

Minimum two personnel designated by the PA, one of whom is not further involved in procurement process, to open offers

Technical experts

Usually the project manager, engineers or someone else with relevant experience

Segregation of Duties

As a bare minimum requirement, the buyer and the payer shall not be the same person
Avoid unethical procurement practices, and balances the individuals biases.

Task	Responsible
1 Establish technical evaluation team	 Procurement authority (PA)
2 Open submissions and complete opening report	 Bid opening panel
3 Evaluate formal compliance with ITB/RFP requirements and document with note to the file	 Procurement official ¹
4 Review submissions found formally compliant and evaluate compliance of bidders with pre-qualification and eligibility requirements outlined in the ITB/RFP	 Technical evaluation team in cooperation with procurement official ¹
5 Based on 4, draft evaluation note (to be included in final evaluation report)	 Technical evaluation team
6 Conduct technical evaluation of compliant submissions and complete relevant evaluation table	 Technical evaluation team
RFPs only	
a Open financial offers for the proposals found technically compliant	 Bid opening panel
b Conduct financial evaluation of proposals	 Procurement official ¹ in cooperation with technical subject matter experts ²
7 Handle and document clarification correspondence with bidders throughout the evaluation page	 Procurement official ¹
8 Identify the winning offer (technical and financial evaluation combined as per the evaluation criteria in the ITB/RFP)	 Technical evaluation team in cooperation with procurement official ¹
9 Draft and sign final evaluation report	 Technical evaluation team
10 Negotiate and document negotiation process, if applicable	 Procurement official ¹
11 Background and reference check	 Procurement official ¹ in cooperation with technical subject matter experts ²

¹ In this table, the term 'procurement official' refers to the procurement official responsible for a specific procurement exercise.

² 'Technical subject matter experts' refers to the project manager, engineer or someone else with relevant expertise.

Requirements definition

Requirements definition is a systematic approach aimed at defining the procurement requirements, and stating them in the product specification.

Goods



Technical specifications,
sometimes TOR or SOW

Services



Terms of reference,
SOW

Works



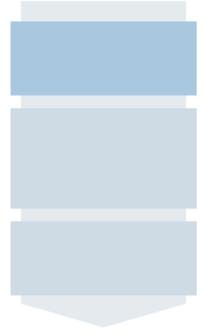
Design documents,
employer's requirements
for design build

Requirements definition

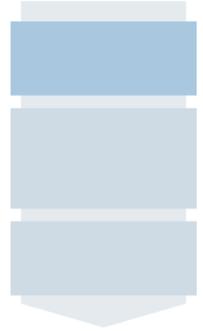
- Identify the actual needs, and search for a solution to meet those needs
- Clear requirement definition is crucial in every procurement operation
- If the requirements are unclear or ambiguous, it can be very difficult to compare offers

What to consider when defining requirements:

- Over-specification may increase prices and/or decrease the number of offers
- Under-specification will lead to offers for products that do not meet the defined needs
- Requirements must be generic and defined with the aim of opening up competition, thus, no specific brands or other unnecessary restrictions.
- Preference to performance rather than conformance
- Quality levels
 - Standards
 - Testing certificates
 - Etc.
- **Everything considered during evaluation MUST be included in the specifications!**



Sourcing



Market Research

Market research is the first step in the sourcing process. Knowledge about the market helps in identifying suppliers and determining procurement method.

External Sources: Internet search engines (e.g. Kompass, DACON), or through other UN agencies, journals/magazines/catalogues, Chambers of Commerce, trade delegations, embassies, beneficiary Governments, end users, Clients, etc.

Internal Sources: UNOPS has established **Long-term agreements (LTAs)** with many suppliers. UNOPS manages the UN Global Marketplace [UNGM](#), established rosters (e.g. local rosters, product specific rosters, UNGM), former contracts, previous short-lists within same field, etc.

Competition

Open competitive bidding is the default method. Justification must be provided for other methods

Vendor Management

This is a continuous process, which requires continuous identification of new suppliers, maintaining vendor rosters, conducting vendor appraisals before the invitation to bid or during evaluation, evaluating performance after deliveries and suspension/removal of corrupt vendors

Solicitation

1

Letter of invitation and instructions to bidders

2

Requirements:

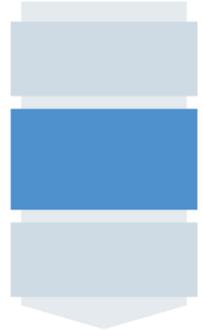
- Specifications
- TOR
- SOW or
- Design documents

3

Contractual information

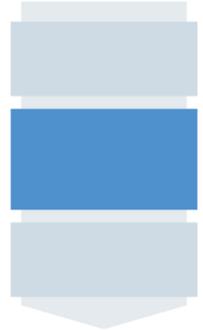
4

Offer submission forms



Tip: When possible, use **Long Term Agreements (LTAs)**, as it can save a lot of time. Explore the possibility of using other UN agency LTAs as well

Solicitation



Complexity of requirement	Contract	Solicitation document	Evaluation method	Envelope system
< \$5,000	Not required/ Purchase order	Shopping	Lowest priced most technically acceptable	No requirement for sealed offers
\$5,000 ≤ requirement < \$50,000, where the requirement is clear and specific	Small Contract for services + UNOPS conditions of services (value < \$50,000)	RFQ	Lowest priced most technically acceptable	No requirement for sealed offers
Clearly and completely specified	Contract for services + UNOPS General Conditions for Contracts for professional services	ITB	Lowest priced substantially compliant ¹	
Cannot be quantitatively and qualitatively expressed	Contract for services + UNOPS General Conditions for Contracts for professional services	RFP	Cumulative analysis ²	

¹ Compliance defined as compliant/not compliant for all issues

² Best value (technical and financial) and most responsive offer

Important:

Include all relevant requirements and define evaluation criteria!

The evaluation criteria cannot be changed when we are evaluating the offers later. If you need to change evaluation criteria, you need to amend the solicitation documents before the closing date.

Solicitation methods for goods and services

above
\$50,000

Mostly
services

RFP – Request for proposal

Mostly
goods

ITB – Invitation to bid

\$5,000 to
\$50,000

Both

RFQ – Request for quotation

below
\$5,000

Both

Shopping

Solicitation documents

	Complexity of requirement	Solicitation document
Goods and services	< \$5,000	N/A (Shopping)
	≥ \$5,000 and < 50,000, clear and specific	RFQ for goods/services
	Clearly and completely specified	ITB for goods
		ITB for services
	Cannot be quantitatively and qualitatively expressed	RFP for services/goods
Works	< \$250,000 ¹	RFQ for Works
	Basic and routine works, contractors with low capacity	ITB for Minor Works Contract
		ITB for Short Form Construction Contract
	\$250,000 - 1,000,000 ¹	RFP for Short Form Construction Contract
	> \$1,000,000 ¹	ITB for Measured Price Construction Contract
RFP for Measured Price Construction Contract		
Design build	For contracting both design and build	ITB for Lump Sum Construction Contract
		RFP for Lump Sum Construction Contract
Design services ²	For contracting only design	RFP for Design Services Contract

¹ A default monetary threshold is indicated for guidance in choosing the most appropriate form of contract.

² This is a contract for services, but is included in the suite of UNOPS FIDIC based contracts for construction.

Evaluation

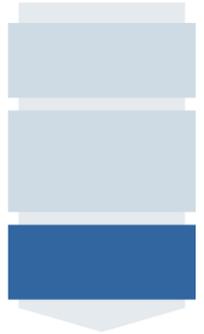
Fairness and Transparency must be maintained and Value for money achieved. Bids must be rejected only and whenever deviation to the requirements is substantive.

Evaluation criteria are normally divided into the following categories:

1. **Formal criteria** (e.g. ensure the offer is authentic, bid securities supplied, supplier not on sanctions list ...)
2. **Supplier pre-qualification and eligibility criteria** (e.g. licences, workload capacity, inventory, etc.)
3. **Technical criteria** (i.e. offers are evaluated against the requirements provided in the solicitation documents, e.g. technical specifications, TOR, SOW, design documents)
4. **Financial criteria** (i.e. price factors including freight cost, life-cycle costs, operational costs)

Solicitation method	Evaluation method	Envelope system
Shopping	Lowest priced most technically acceptable	No requirement for sealed offers
RFQ	Lowest priced most technically acceptable	No requirement for sealed offers
ITB	Lowest priced substantially compliant ¹	
RFP	Cumulative analysis ²	

Contract issuance



A written contract shall always be issued for procurement activities valued at \$2,500 or above. Contracts shall be issued prior to any delivery of goods taking place, and/or at the start-up phase of works or services.

UNOPS model contracts must always be used unless the donor (e.g. the World Bank) imposes different templates.

 The model contracts are UNOPS templates to be completed using contract specific data. Descriptions of the various contracts can be found on the [UNOPS intranet procurement site](#).

UNOPS has developed General Conditions for goods, services and works establishing a legal framework which forms part of every contract. Care must be taken not to include any requirements or conditions that contradict the UNOPS General Conditions of Contract, or the standard text of any of the documents.

Modifications and/or additions to the UNOPS standard contract formats including annexes cannot be made without prior consultation with the Legal Practice Group (LPG).

 **Note:** Only individuals with **Delegation of Authority (DoA)** have the right to enter into legal agreements with external parties.

Types of procurement

Formal

- The best offer is found by comparing several offers from different suppliers with UNOPS requirements, following a formal procurement process. This is the standard procurement method

Informal

- Awards of procurement contracts on the basis of exceptions to the use of formal methods of solicitation
- The award must be properly justified
- Shopping (< \$5,000)
- RFQ (<\$50,000)

Amendments

- An extension or change to an existing contract
- Used when related goods/services/works are to be provided by the same supplier in furtherance of the original contract.
- Variation orders for works

Pre-selection

- Used when the funding source wants particular suppliers.
- UNOPS must also justify that the costs are reasonable

Emergency

- A simplified process which can be used in emergencies if pre-approved by the ECPO.

Post-facto and retroactive

- Post-facto/retroactive cases are not procurement processes; an administrative procedure to be followed for review and possible ratification of actions

More about Procurement at UNOPS ... (online)



More about Procurement at UNOPS ... (online)



Intranet resources

- Useful information such as templates, long-term agreements, training materials and sustainability guidance
- Contact information- so you can find what you need quickly!

The screenshot shows the UNOPS Intranet interface. At the top, there is a navigation bar with the UNOPS logo, the word "Intranet", and links for "Add to My Links", "Help", "Contact", and "Index & glossary". Below this is a menu with "Regions", "Practices", "Global", and "Tools" dropdowns, and a search bar. The main heading is "Sustainable Procurement (SPPG)" with a breadcrumb trail: "Intranet > Practices > Sustainable Procurement (SPPG) > Training". On the left is a sidebar menu with categories: "Procurement" (About SPPG, Contacts), "Policy and guidance", "Training" (highlighted), "Webcasts", "COP procurement", "Knowledge system", "Sustainability guidance" (UN SP product guidelines, Do you know? campaign), and "Partner outreach". The main content area is titled "Training" and contains three sections: "Procurement Training Material" (with a paragraph about finding training material and contact info for Bente Madson and Daniela Leinen), "CIPS professional certification" (with the CIPS logo, a paragraph about the certification, and details for audience, length, and enrolment contact Fernando Nicoella), and "Self-directed learning" (with two items: "Sustainable Procurement for the UN system" and "Introduction to Procurement for Project Managers", each with a brief description, audience, length, and notes).

Educational procurement webcasts

- Released and kept on the intranet library
- Variety of themes, open to suggestions
- Subtitles in French and Spanish

UNOPS | Intranet

+ Add to My Links | Help | Contact | Index & glossary

Regions Practices Global Tools Search

Sustainable Procurement (SPPG)

Intranet > Practices > Sustainable Procurement (SPPG) > Webcasts

Webcasts

- Procurement
 - About SPPG
 - Contacts
- Policy and guidance
 - Training
- Webcasts**
 - COP procurement
 - Knowledge system
- Sustainability guidance
 - UN SP product guidelines
 - Do you know? campaign
- Partner outreach

Watch now

The new UNGM platform

Get a tour of the new UNGM platform and learn about some of its new features.

The new UNGM platform

Visit **UNGM** to see for yourself!

Webcast series

The Sustainable Procurement Practice Group is pleased to provide this library of webcasts featuring a variety of procurement themes.

The objective is to provide guidance on often-raised procurement topics, questions and concepts in a format that we hope is interesting and easy to access. As our knowledge database grows, we hope to continue offering resources that are comprehensive and relevant.

Feedback

We value your feedback, ideas and input so please contact us so we can continuously improve.

Alexander Blecken, Deputy Director, Procurement Practice

Daniela Leinen, Team Lead, Policy and Knowledge Management

Webcast library

15 UN Web Buy trucks and large buses catalogue

Learn about the different trucks and buses you can find on **UN Web Buy** and also when they will be useful.

Français
Español

Looking for more?

Check out the Procurement Quick Guides!

List of Resources & Links

- [Procurement Manual](#)
- [Procurement Templates](#)
- [Long Term Agreement](#) (LTA) Page
- [Practice Knowledge](#) (includes guidance on procurement planning, emergency procurement process, etc.)
- [Delegation of Authority](#) (DoA) Table and SPPG DoA holder list
- [Procurement reviewers](#) List
- [Procurement Process](#)
- Amendment Table in Section 10.2 of the [Procurement Manual](#)

How can you get support?

1. Contact your local procurement reviewer:

<https://intra.unops.org/Practices/Procurement/Pages/Procurement-Reviewers.aspx>

2. Contact your colleagues from the IPAS unit or your RPA LCO.

ipas.procurement@unops.org

3. Contact the Community of Practice if you want to reach out to the entire UNOPS procurement practice (all staff involved in procurement):

cop.procurement@unops.org

4. Contact the HQ Policy & Knowledge Management team on specific policy questions:

AlexandreB@unops.org

5. Contact the HQ Operations team on specific questions regarding procurement transactions:

AnnaSP@unops.org

KelvinK@unops.org

Questions or feedback?

Thank you!



What's new in the Procurement Manual, Rev. 5?

