

## UNDP Procurement

(Updated January 2012)

The term “procurement” refers to the process of acquiring goods, works and services. The process spans the whole cycle from identification of needs, choosing the adequate procurement methods, sourcing suppliers and evaluation of their offers up to the award of contract. An integral part of the procurement process is the management of the contracts and assets through the whole project life cycle.

### **UNDP procurement is based on the principles of:**

- Best Value for Money
- Fairness, Integrity and Transparency
- Effective International Competition
- Interest of UNDP (economy, efficiency, equal opportunity to compete, transparency in the procurement process)

UNDP Procurement is governed by an Internal Control Framework as well as the norms contained in the Financial Disclosure and Declaration of Interest, and Impartiality Statements (FDP). In order to provide a faster procurement process and delivery of goods and/or services, UNDP observes the local and international market, negotiates and maintains local Long Term Agreements (LTA) for goods and services that are frequently used by Business Units and development partners.

### **UNDP Nepal Procurement**

The UNDP Nepal Procurement Units in Kathmandu aims to providing quality service and effective delivery. Apart from locally negotiated contracts and long term agreements, the Country Office has access to contracts that have been signed at the corporate level through the headquarters located in New York and Copenhagen.

The Procurement Unit Kathmandu manages goods and services by liaising with project personnel on specifications, delivery/payment terms and funds availability for procurement planning; identifying the appropriate procurement methods, submitting procurement information and requests to the Contract, Asset and Procurement Committee (CAP) and Advisory Committee on Procurement (ACP); ensuring access to favourable prices, reliable delivery terms, insurance, impartial advice and recognition of environmental and safety considerations.

In addition, the Procurement Unit manages the engagement of individual contractors, maintains and updates the roster of suppliers, and conduct surveys of the local market.

### **Procurement Methods:**

**Request for Quotation (RFQ)**

An RFQ is an informal invitation to submit a quotation, usually for goods/services/civil works at a value between US\$2,500 and \$100,000. Prices, and other commercial terms and conditions are requested and award is made to the lowest priced technically acceptable offer.

#### **Invitation to Bid (ITB)**

An ITB is a formal invitation to submit a bid, usually associated with requirements that are clearly and concisely defined, with an estimated procurement value of US\$100,000 or more. Normally price is the sole determinant in making an award. Where all technical criteria are met, award is made to the lowest bidder.

#### **Request for Proposal (RFP)**

An RFP is a formal request to submit a proposal, usually associated with requirements for services, which cannot be clearly or concisely defined, with an estimated procurement value of US\$ 100,000 or more. Price is only one of several factors comprising the evaluation criteria. Award is made to the qualified bidder whose bid substantially conforms to the requirement set forth on the solicitation documents and is evaluated to be the lowest cost to UNDP.

#### **Individual Contract (IC)**

Following Corporate Guidelines of UNDP, contracting individual consultants was handed over from the Human Resources Unit to the Procurement Unit. The payment in general is based on delivered outputs. Candidates are selected either from the roster of prequalified candidates managed by the Procurement Unit or through public advertisement in newspapers and the Country Office website.

As any procurement process must be guided by the UNDP principles on procurement and among them value for money and fair and transparent competition, the contract shall be awarded to the consultant who is technically responsive (i.e. meets quality requirements) and has offered the lowest consulting fee or lowest lump sum price as the case may be.

UNDP is in the process of developing a **Roster of Suppliers** interested to provide goods and services to UNDP and its projects. An Expression of Interest (EOI) has been published accordingly. The Roster will be the basis for sourcing of suppliers for UNDP in future. We would strongly encourage you to register for inclusion in the Roster by submitting your expression of interest to the following email address:

[procurement.np@undp.org](mailto:procurement.np@undp.org)

## **UNDP Procurement - Frequently Asked Questions**

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### **1. How can I find out whether my range of products or services is procured by UNDP?**

Always remember that UNDP procurement is decentralized to the country office level. Companies interested in doing business with UNDP are encouraged to frequently check the website to find possible business opportunities for the range of products or services they offer. Interested suppliers may alternatively contact the Procurement Unit and request to be included in the vendor database maintained

by the Country Office.

## **2. Can small companies also enter into business relationships with UNDP?**

Yes. UNDP's procurement decisions are not based on the size of a company, but on the quality, price effectiveness and responsiveness of the offer.

## **3. What are the methods of procurement?**

UNDP procurement is based on competitive bidding. Bids are obtained by means of a formal tender. Depending on the nature and size of the project and its procurement elements, commonly used methods of solicitation include:

- Request for Quotation (RFQ)

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In some cases, exceptions to competition are made and direct contracting is used. This usually happens when a Long-Term Agreement (LTA) is in place, either globally (IAPSO or HQ) or locally (at the country office level).

- For values less than US\$2,500, country offices may engage in local shopping.

## **4. What are the principles of UNDP procurement?**

- Best Value for Money
- Fairness, Integrity and Transparency
- Effective Competition
- Interest to UNDP (economy, efficiency, equal opportunity to compete, transparency in the procurement process)

## **5. Is there information on requests for bids/proposals?**

Yes, please visit our procurement notices. All RFP and ITB are published on the Country Office website. Additionally, we also place our procurement notices on [www.ungm.org](http://www.ungm.org) and Development Business, a publication that lists projects by the UN and other organizations at [www.devbusiness.com](http://www.devbusiness.com).

## **6. I have been approved as a vendor. How come I have never been invited to bid?**

This may be because of several reasons. It might be that the product or service you offer is only required on an occasional basis, and we simply have not had the need for it yet.

We want to emphasize that successful registration with the UNGM should not be equated with business opportunities. It is in your own interest to find out about current projects by visiting our website and look at our procurement notices. In order to compete as a vendor, we advise companies to proactively market their goods and services and regularly review the country offices' websites.

## **7. I heard there is a bid going on for "xyz" product or service. I want to participate. Who shall I**

**contact?**

You are encouraged to contact the respective procurement officers in the Country Office for information on procurement action related to the product or services you offer. If it is for UNDP Headquarters in New York, you may also contact the Procurement Support Office.

**8. Are UNDP purchases tax/duty free?**

As an inter-governmental organization, the UN is exempt from payment of taxes and duties for its purchases.

**9. How does UNDP pay suppliers?**

UNDP payment terms are normally net 30 days upon receipt of invoice and delivery of goods or performance of contractual services, whichever is later. UNDP does not issue letters of credit.

**10. Does UNDP require a performance guarantee?**

UNDP may require a successful contractor to furnish performance bonds in the standard format or similar forms of guarantee. The amount of performance bonds/guarantees will vary depending on the nature of the requirements. For example, in the case of construction contracts, UNDP calls for performance bonds and labour and material bonds in sums equal to the total contract price. The United Nations may also include a liquidated damages clause in its contractual documents in case adherence to the schedule of delivery of goods or performance of contractual services is critical to meet the requirements of the UNDP.

**11. What are the terms and conditions of tenders?**

Please see our current terms and conditions.

**12. What does "sustainable" or "green" procurement stand for?**

It is UNDP's policy to manage its business in an environmentally responsible manner. Environmental responsibility is part of "sustainable" or "green" procurement" and includes the selection of goods and services that minimize environmental impacts. UNDP "green" procurement promotes the four 'R' strategies:

1. re-think the requirements to reduce environmental impact;
2. reduce material consumption;
3. recycle materials/waste; and
4. reduce energy consumption.

**13. Where do I find more information about UNDP procurement?**

Kindly consult the UNDP corporate website at <http://procurement-notices.undp.org/> for more information and procurement notices