NIM Manual - Procurement

- Framework for using Implementing Partners Procurement System
- Procurement & Management of Individual Contracts (IC)

Carsten Hansen
BOM/Procurement Support Office
Presentation Breakdown

• Introduction
  Procurement of Individual Contracts
  3:45 – 4:15 pm
  ➢ Questions (15 min)
  Framework for using IP Procurement System
  4:30 – 5:00 pm
  ➢ Questions (15 min)
Procurement of - Individual Contract (IC)
# UNDP Contracting Modalities

## Contract Types

<table>
<thead>
<tr>
<th>Contract Types</th>
<th>Status</th>
<th>Policy Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Appointment; Fixed Term; Continuing Appointment</td>
<td>UN Staff</td>
<td>HR / UN Staff Rules &amp; Reg.</td>
</tr>
<tr>
<td>Service Contract</td>
<td>Individual Contractor</td>
<td>Service Contract User Guide</td>
</tr>
<tr>
<td>Individual Contract (formerly SSA)</td>
<td>Individual Contractor</td>
<td>IC Policy (Procurement)</td>
</tr>
<tr>
<td>Reimbursable Loan Agreement (RLA)</td>
<td>Unchanged</td>
<td>IC Policy (Procurement)</td>
</tr>
<tr>
<td>Contract for Professional Services</td>
<td>Contractor (Firm)</td>
<td>Procurement POPP</td>
</tr>
<tr>
<td>Institutional Contract</td>
<td>Contractor (Firm)</td>
<td>Procurement POPP</td>
</tr>
<tr>
<td>Long-Term Agreement (LTA)</td>
<td>Contractor (Firm)</td>
<td>Procurement POPP</td>
</tr>
</tbody>
</table>
DEFINITIONS

The Individual Contract is –

- The modality used for the procurement of services of an **INDIVIDUAL** to perform **NON-STAFF TASKS**

- Intended solely to **deliver CLEAR, QUANTIFIABLE AND TIME-BOUND** outputs or services that are **DIRECTLY LINKED TO PAYMENTS** and defined in a TOR

- Used for services that are either:
  (a) intellectual in nature – requiring a “consultants”, or
  (b) support services in nature – requiring a “contractor”
TEMPORARY APPOINTMENTS OR FIXED TERM CONTRACTS SHOULD BE USED

- To perform staff functions, whether programme or operations, during peak seasons and short-term requirements
- As a stop-gap measure, such as filling post, vacated by staff, by resignation, separation or any form of leave (home, maternity, sick, etc.)
- When recruitment of a new staff member for a position is taking longer than usual for whatever reason
- To fill up regular and continuing functions in an office
- As a means to re-instate a staff whose previous post has been abolished;
- As a means of placing a staff member on short-term probationary period, even if a competitive process has been completed, prior to confirming a staff member’s appointment on a fixed term contract or other modality
- When the post created is on an experimental basis and the office would like to determine whether the said post or function should be made a regular post in the office.
DELEGATION OF AUTHORITY

Chief Procurement Officer

(UNDP BOM Director)

RACP Approval required for all ICs above $100,000 within a 12-month period
(Even when BU has a higher delegated procurement authority, this threshold remains)

CO Resident Representatives

Bureau Directors

Heads of Various Outposted HQ Units

UP TO A MAX. OF $100,000 per 12-month pd ; All ICs w/ daily fees < $1,000
Any other increased delegated procurement authority does not apply to IC.

For daily fees > $1,000, and duration > 12 months, COs must obtain approval from Regional Bureau Director; HQ Units from Head of the Bureau
HOW TO COMPUTE CUMULATIVE CONTRACT AMOUNT

12 months prior to issuance of Contract (e.g., June 2010)

12 months period to consider

Date at time of issuance of Contract (e.g., June 2011)

Period of new Contract

TIME

If this date falls within the duration of a contract that was active at that date, all amounts of that old contract will be counted in the computation of cumulative amounts.

ACCUMULATE ALL AMOUNTS ISSUED WITHIN THIS PERIOD + AMOUNT OF NEW CONTRACT TO BE ISSUED
## IC SELECTION PROCESS

<table>
<thead>
<tr>
<th>Contract Value</th>
<th>Sourcing Strategy</th>
<th>Must include Financial Offer?</th>
<th>Evaluation Method</th>
<th>Reference Check (for recommended candidate)</th>
<th>Review of Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $2,500</td>
<td>No competition needed. Past performance and Note-to-File suffice</td>
<td>Yes, even if only for 1 candidate</td>
<td>Review against criteria stated in Note-to-File</td>
<td>To be determined by requisitioner, depending on assignment</td>
<td>*Evaluation team prepares and signs the Note-to-File for RR's approval</td>
</tr>
<tr>
<td>$2,500 up to $100,000</td>
<td>At least 3 qualified applicants to be considered (Advert.optional)</td>
<td>Yes</td>
<td>Desk review and/or interview</td>
<td>Yes, at least 2 (valid for 2 years)</td>
<td>RR approval for awards above $30K</td>
</tr>
<tr>
<td>Above $100,000</td>
<td>Advertisement is mandatory</td>
<td>Yes</td>
<td>Interview mandatory</td>
<td>Yes, at least 2 (valid for 2 yrs)</td>
<td>RACP approval</td>
</tr>
</tbody>
</table>

* Minimum of 2, but preferably 3, from requesting unit and with appropriate background on the work. At least 1 must be UNDP staff with the role of Chairperson
SOURCING OF APPLICANTS

a) From an established roster or other sources of information

- Standard IC Procurement Notice
- TOR

UNDP

- Candidate 1
- Candidate 2
- Candidate 3

Applicants submit to UNDP the following:

- Letter of Interest
- Brief Methodology and approach to the work
- Personal CV / P11
- Financial Proposal

b) From advertisement

- The standard IC notice template may be posted in UNDP website or other feasible media
- Notice must remain open for at least 5-10 working days
- The same information as above shall be required from applicants
## OFFER EVALUATION METHODS

<table>
<thead>
<tr>
<th>I C CATEGORIES</th>
<th>Nature of Work</th>
<th>Examples</th>
<th>Evaluation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intellectual / Strategic / Substantive Work</strong></td>
<td>Project Document writing, technical adviser, project mid-term/final evaluation, etc.</td>
<td>Best Value for Money</td>
<td>The evaluation process may occur through a desk review, or with a succeeding validation process through an interview.</td>
</tr>
<tr>
<td><strong>Support Services</strong></td>
<td>Documentor, Facilitator, Translator, etc.</td>
<td>Lowest Evaluated Offer</td>
<td>Best used for contractors performing support services.</td>
</tr>
</tbody>
</table>

*Best Value for Money* takes into account a balanced combination of applicants’ qualification and financial offer, ideally at 70%-30% distribution.
OTHER PROCESS REQUIREMENTS

• **Evaluation Team.** A minimum of two (2) members, but preferrably three (3). Must include 1 UNDP staff to act as Chairperson.

• **Interview Team.** Ad hoc panel established by the requesting unit.

• **Fee Negotiations.** May be initiated once the best qualified candidate has been identified. A minimum of two (2) staff shall be involved and documentation is required.

• **Reference Checks.** Must always be conducted for the selected candidate. At least two (2) should be obtained. A positive reference within the last two (2) years may remain valid.

• **Signed P11 (Form for non-staff).** Required for all ICs over US$ 2,500.00

• **Statement of Medical Fitness to Work.** Full medical clearance by UN Doctor is required, at their own cost, if assignment requires to undertake any travel and IC is over 62 years of age. *(Not required if RLA is used)*
Contract Issuance

- No work nor payment shall commence before an IC is issued and signed by both parties.
- **Retroactive IC issuance is not allowed.**
- Post-facto actions are not considered part of a procurement process, and shall be the sole accountability of the Head of Business Unit.
LTAs USING IC

- LTAs using IC can be done when engagement of an individual on an intermittent but repeated basis over a period of time.

- Competitive process is mandatory.

- A **unit price** must be fixed, and other parameters clearly defined, if a variable cost item is expected to be incurred. (e.g., fee per day, fee per page translated, etc.)

- UNDP makes no financial commitment at the time the LTA is signed, but merely pegging the price for services for a period of time, when called on a “need basis”.

- Still subject to R/ACP review when cumulative amount is expected to reach $100,000.00.
# CONDITIONS ON THE ENGAGEMENT OF INTERNS, GOVT. PERSONNEL AND CLOSE RELATIVES OF UN STAFF

<table>
<thead>
<tr>
<th>Engagement of Govt. Personnel</th>
<th>Engagement of Interns</th>
<th>Engagement of Close Relatives of UN Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Government issues to UNDP a no-objection letter in respect of the individual offered an IC; and b) Government certifies in writing that the individual is on official leave without pay for the IC duration.</td>
<td>Six (6) months break from the end of internship must be observed</td>
<td>Father, mother, son, daughter, brother, sister of a UN staff is not allowed Spouse or recognized partner may be offered an IC subject to: (a) confirmation that he/she is fully qualified for the work; (b) UNDP competitive selection process has been followed without involvement of the spouse/partner (c) No preferential treatment was made (d) No direct superior nor subordinate to the spouse</td>
</tr>
</tbody>
</table>
ENGAGEMENT FOR FORMER AND RETIRED UNDP STAFF

Allowed subject to the following conditions:

- Min. of 3 months gap from separation to engagement on IC
- *Max. engagement period of six (6) months (if retiree is in receipt of pension)
- *Max. earning per year should not exceed a gross amount of $22,000 plus DSA if retiree is in receipt of pension (not applicable if individual is under RLA)

* Whichever of the 2 happens first, unless the retiree decides to defer his/her receipt of pension.

If retiree is on RLA, individual is responsible for monitoring earnings from the UN. UNDP cannot monitor this
IC STANDARDS OF TRAVEL

• The standards for air travel should not exceed those of an economy class (including full fare economy). Any request for higher class must be procured using IC’s own resources.

• Travel route must always be based on most direct, most economical

• Exceptional Upgrade to business class may be requested based on justifications acceptable as per TTS-3 Form (i.e., medical condition, eminence, arduous journey)

• Visa, travel documents, work permits – Intl. ICs shall be assisted by UNDP. If international travel is part of the TOR, the same may be obtained by UNDP for local ICs

• No Laissez Passer may be issued to ICs
AMENDMENTS AND EXTENSIONS

- Amendment to an IC may be done in either of the following circumstances:
  (a) Time frame amendment or no-cost extension – an explanation must be provided on record on why it is necessary;
  (b) Additional activities in line with original TOR, with or without cost amendment – short justification is also required.
- A TOR or deliverable revision shall require a new competitive process
- Any extension of ICs shall be included in determining the total contract duration, and the total cumulative amount
- All extensions must be made on an active contract, not on an expired IC
- If the extension requires additional payment, all cost components that will be incurred during the extension shall remain the same as the original contract
- Any change in the cost shall require a new round of selection process
Questions on Individual Contracts (IC)?
National Implementation

National implementation is used when there is adequate national procurement capacity:

✓ Implementing partner’s procedures do not contravene UNDP’s Financial Regulations;
✓ Implementing partner has the required capacity to effectively and efficiently manage procurement.

UNDP ascertains the national capacities by undertaking an evaluation of capacity following the Framework for Using Implementing Partner's Procurement System.
Framework for IP based procurement

Developed to increasingly use IP procurement systems

On the basis of assessments of partner countries national procurement system and the procurement capacities of the implementing partners

Select specific procurement modalities on the basis of Micro & Macro Assessments
Available Procurement Modalities

i. Procurement by implementing partner (Government or NGO)
ii. Procurement conducted by the implementing partner based on agreed procurement rules
iii. Procurement by UNDP
iv. Procurement by Procurement Agent – specialized UN Agencies

Within a Project a combination of above procurement modalities can be applied
1. Procurement by the IP

- It is the preferred procurement modality, subject to IP Procurement rules not contravening UNDP FR and demonstrated capacity.
- The implementing partner is responsible for the entire procurement process based on national legislation.
- Signature: The implementing partner is responsible for signing the contract and for the contract management.
2. Procurement based on agreed procurement process and procedures

- When IP procurement R&R contravene - agree on a set of rules that complies with UNDP procurement principles and standards.
- UNDP supports the IP in conducting activities, and reinforce procurement capacity.
- The implementing partner is responsible for the procurement process.
- Signature: IP is responsible for signing the contract and for the contract management.
3. Procurement by UNDP

- The capacity gap cannot be covered.
- UNDP is fully responsible and accountable for procurement (Keeping counterpart informed on status and seek agreement on specs).
- UNDP is responsible for the Procurement process based on UNDP procurement rules and regulations.
- UNDP is responsible for signing the contract and for contract administration.
4. Procurement by Specialized UN Agencies

- Implementing partner does not have the capacity and outsourcing to another UN agency is the suitable option.
- The selected UN Agency procurement rules and regulations will apply.
- UN Agency will be responsible for signing the contract and for the contract management.
- UN Agency procurement internal assurance mechanisms will apply.
## Legal Obligations

<table>
<thead>
<tr>
<th>Modality</th>
<th>Signing contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement by IP</td>
<td>Government/NGO</td>
</tr>
<tr>
<td>Procurement conducted by IP based on agreed rules</td>
<td>Government/NGO</td>
</tr>
<tr>
<td>Procurement by UNDP</td>
<td>UNDP</td>
</tr>
<tr>
<td>Procurement Agent (commissioned by UNDP)</td>
<td>Specialized UN Agency</td>
</tr>
</tbody>
</table>

The Responsible party enters into the legal obligation and signs supply, service and work contracts.
UNDP Risk Management Approach

- **Macro-Assessment:** Reviewing existing assessments of the programme country’s national procurement system;
- **Micro-Assessment:** Assessing the implementing partner's procurement capacity;
- **Building block approach:** Selecting appropriate procurement modalities taking the specific project procurement risks into consideration;
- **Assurance activities:** Maintaining adequate awareness of the implementing partner's internal controls for procurement
Review existing assessments of the public procurement system

IP’s where the annual procurement Expenditure exceeds 100,000 USD.
Macro Assessment of the Country’s Public Financial Management System

UNDP reviews existing public procurement assessments undertaken by multilateral/bilateral partners in the past 5 years.

Reviews the legislative and regulatory framework, the institutional framework and management capacity, procurement operations and market practices, and integrity and transparency of the public procurement system.
Micro Assessments of Implementing Partners’ Procurement Capacity

- Focus on Institutional arrangements, leadership, knowledge and accountability, and the procurement cycle.
- Reviews procurement strategy, procurement planning, procurement organization and practices, documentation, handling of complaints, internal and external controls, etc.
- UNDP may conduct the Micro Assessment itself, or hire a suitably procurement consultant.
Implementing the Micro Assessment

- Done in a transparent manner and the implementing partners should participate in the process.
- Each Micro Assessment concludes with a statement of the overall risk related to procurement, rated as low, moderate, significant or high.
- If an assessment is not completed UNDP will apply assurance activities applicable to a “high risk” partner.

Guidelines for Assessing Implementing Partners’ Procurement Capacities
Checklist for the Analysis of Implementing Partners’ Procurement Capacities
Table: Risks associated with the national procurement system and implementing partner’s procurement capacities, and suggested procurement modality

<table>
<thead>
<tr>
<th>National procurement system</th>
<th>High risk</th>
<th>Significant to High risk</th>
<th>Moderate risk</th>
<th>Low risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High risk</strong></td>
<td>☐</td>
<td>⇒ Procurement IP based agreed rules</td>
<td>⇒ Procurement by UNDP or UN Agency</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Significant risk</strong></td>
<td>☐</td>
<td>⇒ Procurement by UNDP or UN Agency</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Moderate risk</strong></td>
<td>☐</td>
<td>⇒ Procurement by UNDP or UN Agency</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Low risk</strong></td>
<td>☐</td>
<td>⇒ Procurement by UN. (Individual cases of high value/high complexity can be handled by UNDP or UN Agency)</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Implementing Partner’s Procurement Capacities
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Low complexity</th>
<th>High complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Goods</td>
<td>Civil works, Services</td>
</tr>
<tr>
<td>Method</td>
<td>Local or national competition</td>
<td>International competition</td>
</tr>
<tr>
<td>Market</td>
<td>Competitive</td>
<td>Competition restricted</td>
</tr>
<tr>
<td>Standardization</td>
<td>For example: stationary, office equipment, use of framework contracts</td>
<td>For example: IT-network, technical equipment, complex specifications required</td>
</tr>
<tr>
<td>Service</td>
<td>No service required</td>
<td>Service required (ex: installation, maintenance)</td>
</tr>
<tr>
<td>Quality</td>
<td>Off-the shelf item</td>
<td>Quality control needed (ex: food aid)</td>
</tr>
<tr>
<td>Hazardous</td>
<td>-</td>
<td>Ex: Pesticides, other chemicals</td>
</tr>
<tr>
<td>Origin</td>
<td>National production/ Distribution</td>
<td>Imports</td>
</tr>
<tr>
<td>Logistics</td>
<td>Project easily accessible</td>
<td>Difficult to transport goods to project</td>
</tr>
<tr>
<td>Reefer</td>
<td>-</td>
<td>Drugs and other products requiring a cold chain</td>
</tr>
</tbody>
</table>
Assurance activities

- **Regular reporting**: status of procurement.
- **Periodic on-site reviews** of the implementing partner’s procurement records. (including spot checks).
- **Programmatic monitoring** of activities supported by procurement—following UNDP standards and guidance for site visits and field monitoring.
- **Higher frequency of audits**: (for example, an audit whenever expenditure is higher than $100,000).
- **Ex-ante/ Ex-post approval**: (short-lists, solicitation documents, contract awards, etc.).
Launch of PSO/BOM Helpline

https://intranet.undp.org/unit/bom/pso/Lists/Procurement%20Helpdesk/Public%20View.aspx

MPN-Procure

Peer-to-Peer Support from over 2,000 Procurement Practitioners

Procurement Expert Helpline

Consultation with over 40 Individual Procurement Experts
Questions on Framework for using IP Procurement Systems?