**Procurement Methods**

Contents

[​General Principles 2](#_Toc457833182)

[Overview of Standard Procurement Methods 3](#_Toc457833183)

[Types of Competition 3](#_Toc457833184)

[Open international competition 3](#_Toc457833185)

[Limited international competition 4](#_Toc457833186)

[National competition 5](#_Toc457833187)

[Standard Procurement Methods 6](#_Toc457833188)

[Micro-purchasing 6](#_Toc457833189)

[Determining the best offer 7](#_Toc457833190)

[Request for quotation 8](#_Toc457833191)

[Determining the best offer 8](#_Toc457833192)

[Invitation to bid 9](#_Toc457833193)

[Determining the best offer 10](#_Toc457833194)

[Request for proposals 11](#_Toc457833195)

[Determining the best offer 11](#_Toc457833196)

[One- or two-stage request for proposal processes 12](#_Toc457833197)

[Direct contracting 13](#_Toc457833198)

[Combined and/or complex procurement requirements 16](#_Toc457833199)

Structure Element - Description

​**General Principles**

1. Responding effectively to programme and operational needs depends on the timely availability of high-quality goods and services. UNDP’s procurement practitioners are expected to acquire goods and services from the best sources according to stipulated policies and procedures. They must exercise sound judgement, and carefully consider costs and benefits to the organization.
2. Because UNDP funds are entrusted to it by the public, all transactions must be carried out based on the highest degree of accountability and impeccable standards. Regardless of their purpose and funding sources, procurement actions must always be subject to the following general principles:

1. **Best value for money**

1. This core governing principle requires selecting the offer that best meets required needs and presents the best return on investment. Best value for money must not be equated with the cheapest offer. It entails the optimum combination of factors such as appropriate quality, life-cycle costs and benefits, and other parameters to meet social, environmental or other strategic objectives.

1. **Fairness, integrity and transparency**
2. All business units are responsible for ensuring fair and impartial treatment of all offerors and transparent management of competition. These aims may be achieved, for example, through widening the variety of prospective offerors, unambiguous solicitation instructions, clear evaluation criteria, realistic definition of requirements, and attainable rules and procedures.

1. **Effective international competition**

1. Effective international competition requires that all eligible prospective offerors from all UN Member States be given timely and adequate information on UNDP requirements, along with equal opportunities to submit an offer.

1. All business units shall be responsible for fostering an enabling environment that allows a wide array of vendors to participate in a predictable process. Business units must ensure that no restrictions are placed on solicitation documents that limit the pool of, or countries of origin of, potential offerors to a UNDP procurement notice.

1. **Best interests of UNDP**

1. While many procurement decisions are contingent on individual cases and environments, at a minimum, they should adhere to all previously cited principles and uphold the best interests of UNDP.  All related processes, decisions and actions should be governed by UNDP Financial Regulations, Rules and Procedures.
2. Where a donor agreement requires a UNDP business unit to agree on any limitations or conditions that may compromise, or are in conflict with, any of the above principles to any extent, the business unit must obtain prior approval from the UNDP Chief Procurement Officer before the agreement is finalized.

Overview of Standard Procurement Methods

1. Different procurement methods are summarized as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Procurement method** | **Contract value** | **Type of requirement** | **Method of solicitation** | **Type of competition** |
| **Micro-purchasing** | Below US $5,000 ($10,000 if approved by the Bureau) | Goods, services or simple works | Canvassing (by phone, Internet, shopping, etc.) | Limited international or national |
| **Request for quotation** | US $5,000 ($10,000 if approved by the Bureau) to  $199,999 | Goods, services or simple works | Written request for quotation | Limited international or national |
| **Invitation to bid** | US $200,000 and above | Goods or works | Advertisement in international media | Open international |
| **Request for proposal** | US $200,000 and above | Services | Advertisement in international media | Open international |
| **Request for Proposal –for low value** | Up to $199,999 | Services | Written request for proposal | Limited international or national |
| **Direct contracting** | Any amount within permissible circumstances | Services, goods or works | Direct invitation or negotiation | None |

Types of Competition

1. Procurement neutrality, economy and efficiency can only be achieved through a competitive playing field among prospective offerors. UNDP Financial Regulations and Rules (Rule 121.03) emphasize competition on as wide a geographical basis as is practical and suited to the market.

1. Depending on the requirement and total contract value, UNDP adopts any of the following types of competition.

Open international competition

1. Opening competition to the international market provides equal opportunity to all eligible vendors. It entails a public advertisement in globally accessible media. The following conditions must be met:

1. The procurement opportunity should be advertised on UNDP’s corporate website;
2. It should be posted in the UN Global Marketplace (i.e., [www.ungm.org](http://www.ungm.org/)); and
3. Advertisements should remain online for a minimum of two weeks.

1. Due diligence requires supplementing the advertisement with market research efforts aimed at expanding the competitive field.  Such efforts may include, but need not be limited to, proactively identifying entities known as specialists or reliable sources, and directly notifying them of the advertisement. It can also encompass advertising in websites or journals with a wide circulation.

1. When a prequalification process is undertaken through an open advertisement, typically as a preliminary step to an invitation to bid or request for proposal, the competition among shortlisted eligible offerors is considered an open international competition.

Limited international competition

1. Limited international competition is conducted by narrowing the competitive field to a short list of prospective offerors. This is pre-determined through a non-discriminatory evaluation of qualifications. Such a process may involve various sourcing methods, such as:

1. Use of existing rosters
2. Shortlisting from previous rounds of prequalification or expressions of interest from another selection process, assuming similar goods or services
3. Previous vendors of known satisfactory performance
4. Referrals of vendors from other UN entities
5. Publicly accessible trade books and online databases

1. Advertised call for expressions of interest
2. Conventional business directories

1. All shortlisted offerors should submit an offer using standard documents and instructions as stipulated in a request for quotation, request for proposal or invitation to bid.

1. This mode of competition is appropriate when:

1. The contract value is relatively low (less than US $200,000
2. The market is highly regulated or controlled, or the industry is very oligopolistic, and it is publicly known that only a few entities can meet the requirements; all of these must be directly invited to submit an offer
3. Other exceptional reasons that may justify or rationalize departure from open international competition, as may be allowed by the Chief Procurement Officer

1. Where limited international competition is applied, business units must ensure that a sufficient number of prospective offerors are invited, and that at least three offers are received and evaluated in order to establish value for money.  Where this minimum number of offerors is not achieved, despite all efforts, a written justification should be provided.

1. Narrowing the competitive field to only a certain region or list of countries, for whatever justifiable reason, is considered limited international competition.

National competition

1. While international competition is the preferred mode of procurement in UNDP, national competition may be allowed when the value of the requirement is less than US $200,000, and when any one or any combination of the following circumstances also exists:

* 1. The required goods/services/works are available locally at about the same or lower prices compared to those of comparable quality from the global market.

* 1. The requirement is for construction works that are expected to be geographically scattered in various parts of a country and intensive in the use of local labour, and the country has a sufficient base of contractors with the qualifications and competence needed to complete the works.
  2. Services needed require a substantive depth of knowledge and understanding of the local environment, culture, language, socio-political dynamics or national systems that an international entity will probably not possess.
  3. There is a very low probability that an international entity will be interested in submitting an offer or partnering with national entities, so that the administrative and financial costs of opening to the international market will not yield any benefit.

1. UNDP staff must justify national competition in writing in the procurement documentation. If advertisement is desired, publication may be limited to any or all media freely accessible nationwide. Any international entity that wishes to participate in a national competition must, at all times, be allowed to do so.

Standard Procurement Methods - all procurement methods are processed in the end-to-end procurement platform in Quantum/UNall

1. Robust strategic planning will ensure that procurement is predictable, timely and adequately supports programme and operational needs. Once a requisition has been written and approved, and the funding allocation ensured, the method of procurement should be determined, along with the type of competition. Determining the most appropriate procurement method involves a clear understanding of the expected purpose and outcomes of goods, services or works.

1. The following sections describe standard competitive methods of procurement.

Micro-purchasing

1. Micro-purchasing is a simplified procurement method for readily available goods, standardized services and small works, where contract amounts do not exceed US $5,000. Such purchases may constitute a significant volume of UNDP’s total procurement, but their aggregate value remains relatively low. A simplified process is preferred to reduce transaction costs; and this has been instituted in Quantum for greater visibility, accountability, reporting and transparency of the entre procurement spend.

1. Country Offices may request increasing the Micro-purchasing threshold to $10,000 as part of the request for the Increased Delegation of Procurement Authority. Country Offices may also request increasing the Micro-purchasing threshold as a stand-alone measure. The Regional Chief Procurement Officers (RCPOs) shall authorize such increase when it is in the best interest of the organization and ensure this approval is appropriately documented.
2. Micro-purchasing may be undertaken through the following steps:

|  |  |
| --- | --- |
| **Selection process** | a)      Canvassing of at least two vendors, by phone, online or through local shopping, or  b)      Justification for direct contracting, if circumstances require that even canvassing be waived |
| **Minimum documentation** | a)      Duly accomplished Micro-Purchase Canvass Form in Quantum, including supporting documents if any  b)      Brief note to file justifying waiving the canvassing (based on Rule 121.05 (i)) if circumstances require |
| **E-requisition and purchase order creation and approval, with general terms and conditions attached** | a) Mandatory for all purchases of assets to record all relevant information in Quantum and Asset Management module.  b) Mandatory for all purchase of goods, services and small works when the micro canvass form is utilised. The micro canvass form is now filled as the requisition in Quantum and a touchless PO is automatically created.  c) Mandatory for IC’s regardless the amount (For Individual Contracts -IC- Contract Management Module must be used together with E-Req and PO. |

1. The term “canvassing” as indicated above may refer to any of the following methods:

* 1. Telephone inquiries – where the UNDP staff makes phone calls to inquire on the cost and notes the responses of the vendors;
  2. Electronic browsing – where the UNDP staff goes to online sources/catalogues and prints out the prices corresponding to the requirement; or
  3. Local shopping – where the UNDP staff physically goes to stores or shops in the locality to compare the actual prices.

1. The Micro-Purchase Canvass Form is a simple template developed to systematically document interaction with vendors and it is now established in a simplified process in Quantum. It is typically filled by procurement staff, or any staff person designated to perform the function, while ensuring compliance with the Internal Control Framework.

1. Vendors may be sourced from within or outside a business unit’s roster. If canvassing is waived, a written justification, in the form of a note to file, will have to be approved by the operations manager of the business unit.

Determining the best offer 

1. Where canvassing is done of at least two vendors, the one compliant with requirements and offering the lowest price shall be awarded the contract.  Where the vendor with the second lowest price offers significantly superior quality, and the price is higher by not more than 10 percent, the vendor may be selected if the budget can sufficiently cover the price difference. Superior quality refers to offers that have exceeded pre-determined requirements. It does not apply to features, qualities or characteristics not originally indicated as requirements.

1. The Micro-Purchasing Canvass Formis designed so staff using it may recommend a vendor, based on relevant policies and award criteria. The requisitioner may confirm the recommendation or choose another vendor, writing a justification for the latter on the same form. Where the procurement staff and the requisitioner disagree on the choice of the vendor, they are encouraged to discuss the matter and ensure consistency of the final decision with relevant policies.

1. The micro-purchasing option is intended to provide flexibility when requirements are low in value and not expected to be needed again in the short term.  Where there is a clear indication of or forecasted demand for the same type of goods, services or small works, other procurement methods applicable to higher value requirements must be used, based on aggregated volume.

1. Splitting high-value requirements into parts valued at less than US $5,000 solely to apply micro-purchasing is a serious deviation from standard UNDP procurement policies and procedures, and must be avoided at all times.

1. The accumulation of payments made to a vendor through repeated use of micro-purchasing shall be monitored by business units with procurement oversight functions. When such cumulative payments reach thresholds that require procurement committee reviews, the case shall be submitted to the relevant committee.  The heads of business units remain responsible for ensuring that the additional flexibilities of micro-purchasing do not pose or increase risks for UNDP.

Request for quotation

1. A [request for quotation](https://popp.undp.org/node/2111/) is used to procure readily available goods, services or works, or any combination thereof. A written request with a clearly described requirement is sent to a vendor, soliciting a written price quotation. A request for quotation is mandatory for contract values ranging from US $5,000 ($10,000 if approved by the Bureau) to US $200,000. Beyond this amount, requests for proposals or invitations to bid must be used.

1. At a minimum, a request for quotations should include specifications, delivery terms and delivery location, among other considerations. It should generate a minimum of three responsive offers. It is best to invite more than three vendors to participate, since some may not provide adequate offers, while others may not submit an offer.

1. Since an advertisement is not required, a request for quotations is best supported by a roster where UNDP can source prospective offerors with an established level of quality and performance. Where no roster exists, the following may be considered as sources of prospective offerors:

* 1. Previous vendors of satisfactory performance
  2. Vendors referred by other UN agencies
  3. Trade books and online database that are publicly accessible
  4. Business directories in printed versions or electronic/web-based resources.

1. Under all circumstances, UNDP General Terms and Conditions for Goods should be attached to the request for quotations.

Determining the best offer

1. At a minimum, quotations from offerors must consist of the price and other commercial terms and conditions. Quotations must be submitted in writing, containing information required in the template provided by UNDP.

1. Competitive offerors are:

* 1. Eligible, in other words, not on the UN’s Ineligibility list, the UN/PD list, or the 1267/1989 lists)

* 1. Responsive in complying with specifications, delivery terms, and UNDP terms and conditions
  2. Qualified in fully meeting basic selection criteria

1. As a sound basis for establishing value for money, after evaluation of at least three offers, the one with the lowest price should be awarded the contract.
2. Considering that RFQ is an informal method, where the vendor with the second lowest price offers significantly superior quality, and the price is higher by not more than 10 percent, the vendor may be selected if the budget can sufficiently cover the price difference. Superior quality refers to offers that have exceeded pre-determined requirements. It does not apply to features, qualities or characteristics not originally indicated as requirements. Such a decision shall be documented by the requisitioner.

1. A comparative summary and documentations of offers highlighting the extent of compliance with requirements may be prepared by procurement staff. But the final decision on the award must be confirmed by the requisitioner, after which the procurement staff will confirm the purchase.

1. A request for quotations process is considered competitive, even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence to ensure that sourcing was properly conducted, and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.

1. Whenever goods, services or works sourced through a request for quotation are determined to be needed on a repetitive basis, within or over a period exceeding one calendar year, a framework or long-term agreement must be considered and pursued in accordance with the relevant policy. Whenever such goods, services or works are expected to exceed a total value of US $200,000 in one calendar year, the procurement method should be a request for proposals or an invitation to bid.
2. The accumulation of payments made to a vendor engaged by UNDP through repeated use of requests for quotations shall be monitored by business units with procurement oversight functions. When such cumulative payments reach thresholds that require procurement committee reviews, the case shall be submitted to the relevant committee.

Invitation to bid

1. An invitation to bid is used to procure goods or works valued at US $200,000 or more. It does not require prospective bidders to specify the manner of production, technical approaches or management/supervision of required activities. The invitation to bid only requests details on costs to meet precise specifications for goods. The method may also be used in procuring construction works or services that can be quantitatively and qualitatively defined.

1. Invitations to bid must be subject to open international competition. As such, they require public advertisement through international media, including print and electronic. At a minimum, the procurement opportunity must be advertised or published on the procurement advertisement pages of both UNDP’s corporate website ([www.undp.org)](http://www.undp.org) and the UN Global Marketplace ([www.ungm.org](http://www.ungm.org/)) for a minimum of two weeks. Further, a direct notification should go to a short list of vendors qualified to meet the requirements, based on sound market research.

1. When a short list of vendors is the sole basis for soliciting bids, adequate justification must be made and kept in the records—such as evidence of a previous advertisement for an expression of interest, or conclusion of a thorough and criteria-based prequalification process within the past 12 months.

1. At the minimum, an invitation to bid shall consist of instructions to bid, detailed requirements (specifications, delivery terms and conditions, selection criteria, etc.), and standard terms and conditions of the contract that will be signed by UNDP with the successful bidder. The rules and requirements of the selection process are defined in the [invitation](https://view.officeapps.live.com/op/embed.aspx?src=https://popp.undp.org/sites/g/files/zskgke421/files/PSU_Invitation%20to%20Bid%20%28ITB%29-1%20increase%20to%20%24200%2C000.docx) to bid template.

1. Business units may initiate an invitation to bid through a process of prequalifying prospective bidders, prior to actually launching the invitation. Prequalification is recommended when the market is so wide that there might be too many prospective bidders, and UNDP would prefer to award the contract only to those who fully meet or exceed required qualifications. This is highly recommended for procuring construction works, and other complex procurements with high risks.

1. The prequalification document should outline any and all qualifications, including, but not limited to, holding the appropriate licenses, bonds, supply chains, stock and track record of past experiences in similar contracts. Prospective bidders should respond to the prequalification document in writing. The rules and requirements of the prequalification process are defined in the invitation to bid template.

Determining the best offer

1. Bids submitted in response to an invitation to bid should mainly consist of the price and other commercial terms and conditions based on UNDP requirements.

1. Competitive bidders are:

* 1. Eligible, in other words, not on the UN’s Ineligibility list, the UN/PD list, or the 1267/1989 lists)

* 1. Responsive in complying with specifications, delivery terms, and UNDP terms and conditions
  2. Qualified in fully meeting basic selection criteria

1. The evaluation of bids is described in the relevant policy on evaluation of offers. To ensure economy and efficiency, a minimum of three bids should be evaluated. Once a shortlist has been determined, the bidder with the lowest price shall be awarded the contract.

1. An invitation to bid process is considered competitive even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence being done to ensure that sourcing was properly conducted and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.

1. Under certain circumstances, the invitation to bid may be used to establish a framework or long-term agreement. The business unit must make a realistic forecast of requirements, estimated time of need and approximate total contract value.

Request for proposals

1. A request for proposals is used to procure goods, services and works where the inputs and/or outputs cannot be quantitatively and qualitatively defined in sufficient detail at the time of the solicitation, and are valued at US $200,000 or more. The review process and analysis need to be formal and detailed in order to eliminate risks of subjectivity.

1. Where time and resources allow, or the nature of the requirement warrants[, requests for proposal for low-value requirements](https://view.officeapps.live.com/op/embed.aspx?src=https://popp.undp.org/sites/g/files/zskgke421/files/PSU_Solicitation%20Process_Solicitation%20Documents_Request%20for%20Proposal%20%28RFP%29%20-%20200k%20and%20Above.docx) may also be used for procuring goods, services and works valued at less than US $200,000.

1. Requests for proposal must be subject to open international competition and entail public advertisement through international media. At a minimum, the procurement opportunity must be advertised or published on both UNDP’s corporate website ([www.undp.org)](http://www.undp.org) and the UN Global Marketplace ([www.ungm.org](http://www.ungm.org/)) for a minimum of two weeks. Additionally, as a best practice, direct notification should go to a short list of vendors qualified to meet the requirements, based on sound market research.

1. When a short list of vendors is the sole basis for soliciting bids, adequate justification must be made and kept in the records—such as evidence of a previous advertisement for an expression of interest, or conclusion of a thorough and criteria-based prequalification process within the past 12 months.

1. At a minimum, a request for proposals shall consist of instructions to proposers, detailed requirements (terms of reference, selection criteria, etc.), and UNDP Standard Terms and Conditions of the contract that will be signed by UNDP with the successful proposer. Rules and requirements of the selection process are defined in the [request for proposals template](https://view.officeapps.live.com/op/embed.aspx?src=https://popp.undp.org/sites/g/files/zskgke421/files/PSU_Solicitation%20Process_Solicitation%20Documents_Request%20for%20Proposal%20%28RFP%29%20-%20200k%20and%20Above.docx).

1. Proposals responding to the request should involve two submissions: technical and financial. The first describes how stipulated requirements, specifications, statement of works or terms of reference will be met. All associated costs should be reflected in a separate financial proposal.

Determining the best offer

1. Competitive proposals should be:

* 1. Eligible, in other words, not on the UN’s Ineligibility list, the UN/PD list, or the 1267/1989 lists)

* 1. Responsive in complying with the requirements of the terms of reference and so on
  2. Qualified in fully meeting basic selection criteria

1. The evaluation of proposals that is applicable to the RFP method is described in the relevant policy on evaluation of offers. To ensure economy and efficiency, a minimum of three technical proposals should be evaluated. Upon the technical evaluation, the financial proposals of technically qualified proposers shall be evaluated. Depending on the nature of the requirements, the contract award shall be determined through any of the following methods:

* 1. Lowest price offer
  2. Highest rated proposal using the combined scoring method, which assigns a weight distribution between technical and financial proposals set out in the request for proposals

1. Whenever the second method is used, the distribution of weight between the technical and financial proposals shall be 70 percent and 30 percent, respectively. Proposals whose rating, upon completion of the evaluation of the technical proposal, does not reach the minimum passing threshold of 70 percent shall be declared not responsive and are no longer qualified.

1. Where possible, increasing the weight of the technical proposal beyond 70 percent should be avoided. If some procurement cases require giving technical compliance very high importance, business units must first consider focusing on technical criteria for selection, while avoiding the risk of excessively restricting the competitive field.
2. Under no circumstance should a business unit increase the percentage of the technical proposal to increase the subjectivity of the overall rating. Raising the weight of the technical proposal beyond 70 percent requires a request to the Director of Procurement Services Unit in the Bureau of Management Services prior to publicizing the request for proposals. The request must be supported by proper justification, and it may be approved or rejected

One- or two-stage request for proposal processes

1. In planning a request for proposals, business units must determine whether a one-stage or two-stage approach is best.

1. The one-stage request requires simultaneous submission of technical and financial proposals. UNDP evaluates the technical proposals first, and then the financial proposals from proposers considered technically compliant. Standard request for proposals templates are used for this process.

1. The one-stage request is the preferred approach, and most appropriate for relatively straightforward and standardized services. It shortens the time to complete the selection process and widens the competitive field.

1. In a two-stage process, the first stage requires the business unit to prepare the request for proposals and terms of reference with a general description of functions and performance, without technical details. Proposers submit only a technical proposal, which is then evaluated. UNDP indicates to proposers if anything must be done to make their proposals more technically responsive. At this point, it is very important that no exchanges of confidential information occur between UNDP and the proposers. Management of the process and flow of information is very critical and sensitive.
2. At the second stage of the process, based on insights from the first stage, the business unit shall inform all proposers of changes made to the request for proposals and terms of reference, and require them to submit a new and final round of technical proposals, along with their financial proposals.

1. When using the two-stage process, sufficient time must be provided to proposers at each stage. Before embarking on this time-intensive and high-risk process, business units must have very sound knowledge of the market. The procurement professionals managing the selection should have a high level of expertise to guarantee the integrity of the process.

1. The two-stage process may be applied only under very exceptional circumstances, when the following conditions have been met:

* 1. The requirements are very complex, involving highly technical goods or services
  2. An ex-ante case describing the justification and mechanics for the application of this two-stage process has been submitted to, and duly approved by, the Regional Advisory Committee on Procurement or the Advisory Committee on Procurement.

1. A request for proposals process is considered competitive even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence being done to ensure that sourcing was properly conducted and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.
2. Under certain circumstances, the request for proposals may be used to establish a framework or long-term agreement. The business unit must make a realistic forecast of requirements, estimated time of need and approximate total contract value during the duration of the agreement.

Direct contracting

1. Where the cost of undertaking a competitive procurement process outweighs the benefits, there is some scope for applying non-competitive methods, provided certain conditions are met. Non-competitive methods are known as direct, sole source or single source contracting.

1. Per UNDP Financial Rule No. 121.05, any of the following are permissible justifications for direct contracting.

|  |  |  |
| --- | --- | --- |
| **Circumstances allowing direct contracting** | | **Examples** |
| i. | Where the value of the procurement is below US $5,000 ($10,000 for Micro-purchasing, if approved by the Bureau). | This applies to low-value goods, services or small works, or where the time and transaction costs involved in obtaining two offers is not justified or practical.   Where time, circumstances and market conditions allow for a fast and easy generation of at least two quotes, competitive selection using the Micro-Purchasing Canvass Form still remains the recommended process for obtaining value for money. |
| ii. | There is no competitive marketplace for the procurement requirement. | a) Where a monopoly exists.  Where there are only two players in the market, it is no longer a monopoly, and comparison between the two suppliers/service providers should still be established.   b) Where prices are fixed by national legislation and such fixed prices are in effect at the time of the procurement.  Where this situation exists, evidence of such legislation must be put on record each time direct contracting is applied.   c) Where the requirements involve a proprietary product or service.  Where a proprietary product or service is being procured, it must be established why an equivalent non-proprietary product or service will not meet the requirement. |
| iii. | There has been a previous determination or there is a need for standardization. | Compatibility and consistency with existing equipment, systems or technologies may require a specific brand model or type of goods or technology, whereby any change may have a direct impact on life cycle or sustainability for the end users. |
| iv. | The proposed procurement is a result of cooperation with other organizations within the UN system. | Cooperation with other organizations of the UN system may be pursued to meet the requirements of UNDP, provided that their regulations and rules are consistent with those of UNDP.  Such cooperation may comprise:   a) Carrying out common procurement actions together; or  b) UNDP entering into a contract by relying on a procurement decision of another organization; or  c) UNDP requesting another UN organization to carry out procurement activities on its behalf. |
| v. | Offers for identical requirements have been obtained competitively within the past 18 months, and the prices and conditions offered remain competitive. | In applying this justification, four minimum conditions must be met:  a) The requirements are identical;  b) The previous purchase was a result of competitive process;  c) The purchase, not the selection process, was made in the past 18 months; and  d) Prices and conditions have remained the same in the last 18 months. |
| vi. | A formal solicitation has not produced satisfactory results within a reasonable prior period | a) The ‘prior period’ refers to the time elapsed since the closing date for submissions of the failed competitive process;  b) The length of the ‘reasonable prior period’ for the applicability of this exception will vary depending on the nature and type of goods, services or works; the market conditions; the likelihood of attracting new suppliers if a re-tender was to be conducted; security and working conditions in the region to which the goods/services/works are to be supplied, and any other factor influencing the decision;  c) In applying this justification, adequate market research must be conducted and it must be demonstrated that a re-tender will not yield satisfactory results.  d) Under no circumstances must ‘reasonable prior period’ for the application of this exception exceed six months from the closing date for submissions of the failed competitive process.  A detailed summary of the competitive process and its outcome; reasonableness of price and prevalent market rates in the area must be provided in the justification. |
| vii. | The proposed procurement contract is for purchasing or leasing property. | A documented comparative process and value-for-money assessment may be waived if the primary criteria for the selection of the property are security and safety of personnel and assets. |
| viii. | There is a genuine exigency for the requirement. | The term ‘genuine exigency’ refers to situations where goods or services support emergency interventions and therefore cannot be delayed, as this may result in the imminent loss or endangerment of human lives, or excessive damage to valuable properties, or deterrence of basic human needs. This applies during times of natural disaster, epidemics or sudden onset of unforeseen crises.  Under no circumstance can ‘exigency’ be used to justify urgency arising from poor planning, poor oversight or delay in receipt of funding, among other possible circumstances that sound and proactive project management could have avoided.  Procurement of goods or services that does not meet the ‘genuine exigency’ criterion will not be considered for an exception to the competitive process, even if the context is an early recovery programme or project. |
| ix. | The proposed contract is for relevant services that cannot be objectively evaluated. | The goods or services required involve cutting-edge technology, or newly developed/not yet marketed methodologies where no possibility of comparison yet exists. |
| x. | The Chief Procurement Officer has otherwise determined that formal solicitation will not yield satisfactory results. | Documentation of the Chief Procurement Officer to this effect must be on record. |

1. Although the direct contracting modality waives the competitive process, this method does not diminish the responsibilities and accountabilities of procurement staff. Under direct contracting, a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at an acceptable price, obtained either through informal solicitation or negotiations.

1. The following necessary and basic procurement actions shall therefore still be required:

* 1. Providing specifications, terms of reference or a statement of works
  2. Soliciting a proposal or bid through a letter from UNDP directly requesting the selected vendor to submit an offer based on the specifications, terms of reference or statement of works
  3. Subjecting the proposal or bid to review and rating by an evaluation team
  4. Using UNDP standard contract forms and applying UNDP General Terms and Conditions

1. Since there is no competition, formal solicitation documents, such as a request for proposal, invitation to bid, etc., are not necessary.

1. At a minimum, and whenever the procurement amount exceeds US $5,000 ($10,000 if approved by the Bureau), the following documents shall also be on kept on record to support the direct contracting decision:

* 1. A proper rationalization or justification for why the direct contracting mode is being applied, including citation of any adverse consequences of pursuing a competitive method

* 1. An analysis of all risks, and how the quality of outputs or results can remain assured despite waiving competition
  2. An assessment of how and why the principle of best value for money has been achieved

Combined and/or complex procurement requirements

1. Given the broad mandate of UNDP, and the constantly changing demands of partners and stakeholders in the field, there are situations when a procurement requirement cannot be easily determined as a pure procurement of goods, services or works. Many requirements may consist of a combination of any two or all of these. Such combined requirements can further be complicated when they are high value, are highly technical in nature or call for expertise beyond UNDP’s capacity.

1. The following guidance helps define the selection of a procurement method in these cases:

* 1. Where services are higher in cost in the total contract than goods or works, the request for proposal method should be used.
  2. Where goods or works are higher in cost in the total contract than services, the invitation to bid method should be used.
  3. Where goods or works, or alternatively services are critical, where any slight deviation may pose a high risk to UNDP or unwanted outcome, the invitation to bid or request for proposal method should be used, respectively. The risk assessment is expected to vary from one market and/or operating environment to another, and business units are expected to factor all such issues into their analysis.
  4. Where business units are uncertain of how best to apply the above guidance, they should seek the advice of the Procurement Services Unit in the Bureau of Management, including through submitting the full details of the specifications, terms of reference or statement of works.
  5. Where the total contract value is expected to exceed US $1 million, and the requirement is complex, an ex-ante submission of the planned procurement strategy to the Advisory Committee on Procurement is mandatory, as further detailed in the chapter on [Procurement Oversight and Procurement Review Committees](https://popp.undp.org/node/11336), which also provides exemptions from the need to submit for ex-ante review for successful previous experience and repetitive country specific LTAs.
  6. Where the total contract value is less than US $1 million, but the requirement is complex—as well as one that the business unit has not done before and where it seeks to minimize risks—the business unit may submit the case to the Advisory Committee on Procurement for review.