



*Empowered lives.
Resilient nations.*

UNDP Procurement Strategy

2015–2017



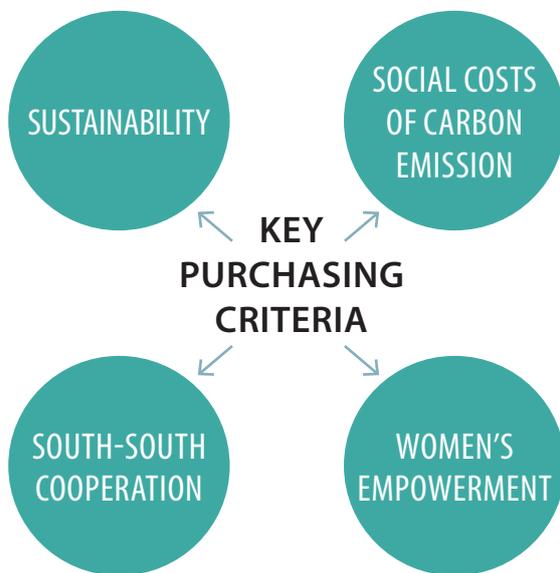


A STRATEGIC FUNCTION ESSENTIAL TO DELIVERING RESULTS GLOBALLY

UNDP's 2015-2017 Procurement Strategy represents a meaningful commitment to UNDP's mission of helping countries achieve the simultaneous eradication of poverty and significant reduction of inequalities and exclusion, as articulated in its Strategic Plan. The fulfillment of UNDP's vision and mandate requires the efficient and effective provision of goods and services, making procurement a strategic function essential to delivering results globally.

1

Green, responsible and inclusive



UNDP will incorporate sustainability, the social costs of carbon emission, women's empowerment and South-South Cooperation as criteria in key purchasing decisions, shifting from a narrow focus on "price" to a calculation based on the "total cost of ownership throughout the life cycle of products and services."

Through the reorientation of its procurement strategy, UNDP will make a significant investment in renewable energy solutions and energy-efficient technologies such as solar cooking stoves and hybrid vehicles.



Solar appliances have been purchased and prepositioned for immediate deployment in crisis situations where solar power would have advantages over traditional or fossil-fuel-run appliances. In Ebola-affected countries, UNDP COs were able to switch over to solar power, ensuring the grid would serve hospitals first. Solar arrays were also purchased and deployed to power clinics. Solar lanterns are critical for respondents of natural disasters, as power infrastructure is exposed and frequently greatly damaged in earthquakes and storms.



Microfinance projects in Madagascar.

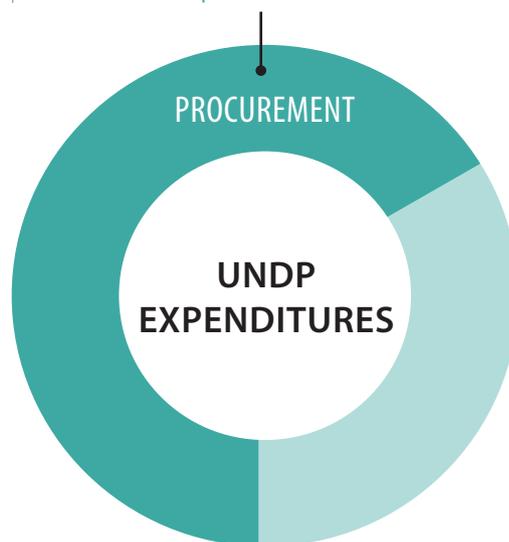
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Procurement: A UNDP cornerstone

Procurement accounts for nearly two thirds of all UNDP delivery—and the demand for procurement services is growing. In the past 3 years, procurement volumes have grown significantly in the health, elections, sustainable energy and crisis-response sectors. As a strategic function of the Organization, procurement must be engaged in the early stages of project design to ensure efficient delivery and mitigate risks.

UNDP procurement shall mutually reinforce the principle-based framework for business contained in the UN Global Compact, encouraging its vendors to adopt sustainable and socially responsible policies aligned with its ten principles in the areas of human rights, labor, the environment and anti-corruption.

Procurement accounts for nearly two thirds of all UNDP expenditures





Local development projects deliver clean water in Laos.

3

Clean supply chains

UNDP will develop monitoring mechanisms, including assessments and spot checks, to promote vendor compliance.

UNDP cannot inadvertently compromise its own mission and credibility by allowing supply chain abuse by its own subcontractors. Child exploitation, disempowerment, abuse, and forced labor cannot go undetected and unmitigated within the UNDP supply chain. Inaction is complicity.

UNDP has vast and complex supply chains, which often include subcontractors, wholesalers and manufacturers in many countries. In order to ensure adherence to national labor legislation, and that the prohibitions on child and forced labor are observed, UNDP will develop monitoring mechanisms, including assessments and spot checks, to promote vendor compliance.

4

Purchasing innovation

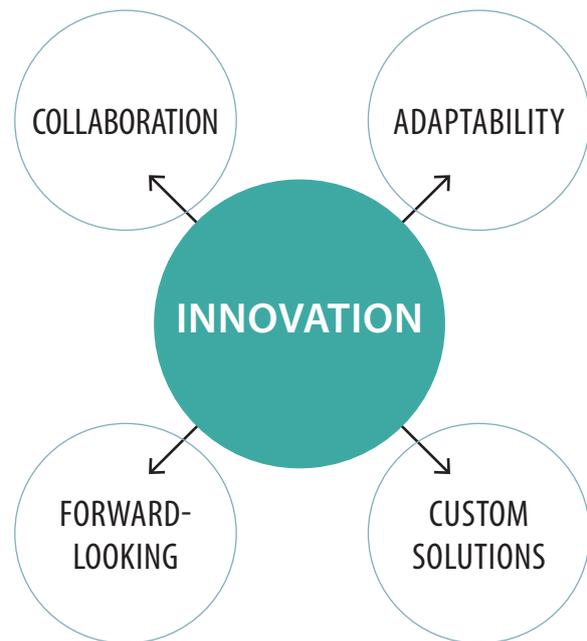
UNDP's commitment to innovation must be reflected in its sourcing strategies.

Rethinking specs: By requesting known technical specifications and supply sources that inherently favor existing products and services over innovations, procurement practices have not always adequately nurtured innovation. UNDP will include, where advantageous, performance-based technical specifications that are open-ended with regard to specific technical solutions, leaving room for innovation from the private sector, while at the same time allowing UNDP to define the broad framework of requested solutions.

Crowd-Sourcing and prizes are a pre-commercial procurement stimulus for innovations that do not yet have a near-to-the-market solution. UNDP will work collaboratively with providers of promising competing innovations to provide support in the actual testing and iteration phases.

PSO's new approach to **contractor sourcing** reinforces the inclusion of innovative products and services, recognizing that sourcing companies and products for innovation require a different set of tools, award criteria and selection processes than the classical procurement procedures.

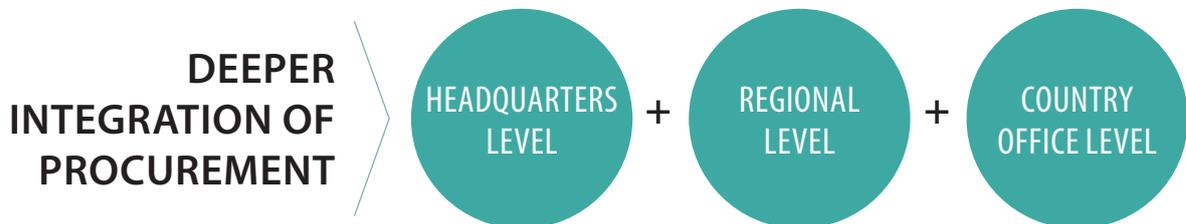
To continue as a forward-looking, global role model, UNDP must continue purchasing and **implementing innovative technologies and solutions**. Replacing kerosene-burning heaters with durable solar heaters is an example of the win-win multiplier effect of pairing progressive procurement strategies and innovation in which improvements in contamination, safety, operational and cost-efficiency, health, and physical safety are simultaneously achieved. Yet, UNDP has been careful not to apply a "one-size fits all" methodology, and has taken care to only switch the kerosene-burning heaters for solar heaters where advantageous.



UNDP will focus on performance-based technical specifications that are open-ended with regard to specific technical solutions

5

Better Integration into Programmes



As a prerequisite of effective project and risk management, and given its importance to UNDP's overall performance, procurement will be a part of project design and budgets

UNDP Procurement will be more fully integrated into programme and project design at the country office, regional and HQ levels. As a prerequisite of effective project and risk management, and given its importance to UNDP's overall performance, procurement will be a part of project design and budgets. Guidelines will be published that establish well-defined roles for procurement and underline its potential as a strategic tool. Specifically UNDP Procurement should be engaged in the formulation of Country Programme Action Plans (CPAPs), Country Programme Documents (CPDs), and Annual Work Plans (AWPs) for greater collaboration and accelerated delivery.

Planning, when jointly executed by programme and operations staff, helps deliver improved development results on behalf of UNDP's beneficiaries, ensuring that procurement activities contribute to the achievement of project outcomes by being conducted in a timely manner and at a reasonable cost. UNDP Procurement will enable



Assembling gym equipment at the Gimpack plant in Mexico City.

these consultations and discussions through policies and tools, and continually collect and analyze data in order to provide proactive support to UNDP Business Units.

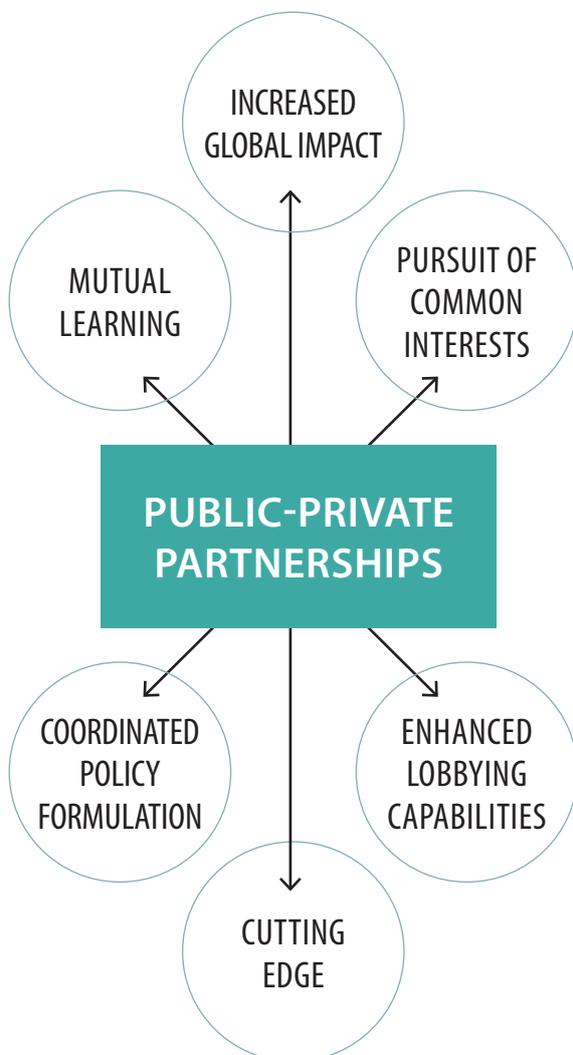
The development of a Best Practice Sustainable Procurement and Contract Management guide for project managers is planned. UNDP will consider an award scheme for “Best Sustainable Project Management Practices”.

Presently, UNDP continues to set high professionalization standards, focusing on **external training and certification programmes**. This approach will be supplemented by a corporate training package to better integrate the perspectives of UNDP programme managers and procurement professionals on the strategic use of procurement. The training will enable programme staff to understand the importance of key procurement stages such as planning, sourcing and contracting as well as risk management and monitoring.



6

Stronger partnerships, larger impact



Public-private partnerships allow for an increased global impact, opportunities for mutual learning, pursuit of common interests, coordinated policy formulation, and enhanced lobbying capabilities. UNDP will continue to forge strong, mutually beneficial partnerships with private entities committed to the strategic use of procurement in the domains of innovation, corporate social responsibility and greening.

Public-private partnerships will also keep UNDP at the cutting edge of Best Practices through interconnectedness and dialogue. An organization disconnected from a rapidly changing world could suffer great competitive disadvantage, and be poorly positioned to fulfill its mandate.

UNDP has laid the foundation for a successful joint UN initiative for green procurement in the health sector: an initiative that attracted the Global Fund, UNITAID and GAVI as partners in addition to UNFPA, UNOPS, WHO, UNICEF, UNEP and UNHCR. Similar sector specific initiatives, for instance on renewable energies, could be conceived.

Robust partnerships with governments have allowed UNDP to aid in capacity building for governmental structures—through support to National Implementation (NIM), for example. An assessment system of government procurement capacity and a new service-line that positions UNDP as a provider of first choice to governments for the build-up of procurement capacity is planned for the mid-term. As is befitting of a development partner, robust governmental partnerships should be sought and maintained to improve the assessment of procurement capacity as well as a strengthening of overall procurement capacity, for which UNDP could be a key player.

UNDP Procurement will be fast-tracked and further streamlined to the needs of crisis response efforts to affected governments and populations. Effective and immediate availability of goods and services critical to coordinated recovery assistance shall be ensured. PSO will preposition stock in humanitarian response depots, create and maintain rosters for on-call experts, and collaborate with UNICEF and WFP to ensure quick turn-arounds.

Continued integration with the UN-system is fundamental to UNDP's procurement strategy as it operates within the UN-system's "Delivering As One" approach. Initiatives like the Secretary General's "Greening the Blue" and UN Operations carbon neutrality are Best Practice examples of how the power of the UN and its procurement structure can be leveraged for real-world impact. In addition, UNDP will engage, on a UN system-wide basis, in a dialogue on how best to incorporate the social cost of carbon calculations in procurement decisions.

UNDP procurement will continue to play a key role in contributing to the High Level Committee of Management (HLCM) and the United Nations Development Group (UNDG), engaging in dialogue and initiatives to harmonize policy.



Voter identification in the Democratic Republic of the Congo.

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7

Transparency, Integrity and Accountability

CRITICAL
FEATURES OF
PUBLIC SECTOR
PROCUREMENT



+



+



UNDP was ranked #1 in the World Index of Transparency by the International Aid Transparency Initiative (IATI)

in 2014, representing its long-standing commitment to accountability. Open.UNDP.org, UNDP's online portal provides open access to data on more than 10,000 active projects and publishes over US\$5.8 billion in project data. As a member of IATI since its inception in 2008, UNDP will continue to champion outreach efforts with partner companies and UN agencies to ensure the new aid transparency standards are implemented.

UNDP shall seek and maintain business relationships with vendors who share the values of the Organization. To this end, fraud and corruption perpetrated against UNDP shall be confronted, firmly and fairly, through a robust vendor sanctions framework, and prevented through thorough due diligence procedures in sourcing.

Transparency is directly related to UNDP fundamental values such as institutional effectiveness and accountability.

Fairness, integrity and transparency ensure that competitive processes are fair, open, and rules-based. All potential vendors should be treated equally, and the process should feature clear evaluation criteria, unambiguous solicitation instructions, realistic requirements, and rules and procedures that are easy to understand. Institutional effectiveness is central to the transformation that UNDP envisions in its 2014-2017 Strategic Plan.

As a step towards **effective international competition**, UNDP will provide all potential vendors with timely and adequate information on UNDP requirements, increased access through new e-tendering systems, as well as equal opportunity to participate in procurement actions, and restrict them only when it is absolutely necessary to achieve UNDP development goals.

Peoplesoft e-Tender will be used for all procurement through the Central Procurement Unit as well as Copenhagen and Kuala Lumpur. Benefits of e-tendering include automation and streamlining, and full integration in ATLAS. This results in the capture of valuable data, an audit trail, a paper-less process, and increased bidder confidence in UNDP tender processes.

A new integrated results and resources framework is introducing more effective monitoring of how all UNDP offices achieve results and spend resources. To uphold quality assurance and foster organization-wide consistency, it includes core indicators and measurement guidance. UNDP's first integrated budget has simplified and made more transparent the management of its different revenue streams.

Fairness, integrity and transparency ensure that competitive processes are fair, open, and rules-based



UNDP's first integrated budget has simplified and made more transparent the management of its different revenue streams

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Measuring Impact

UNDP will develop a review process that verifies the extent to which corporate social and environmental responsibility are respected by all subcontractors

Benchmarking will continue to drive forward continuous business improvement. It is critical that UNDP benchmarks itself against other organizations operating in equivalent contexts. Procurement policies of other organizations will be continuously reviewed by UNDP with the aim of incorporating best practices into UNDP.

In keeping with the UNDP Strategic Plan, whose vision will require institutions to meet benchmarks for organizational effectiveness that match or exceed the highest standards set in its peer community, **UNDP will develop a review process that verifies the extent to which corporate, social and environmental responsibilities are respected by all subcontractors.** In addition, UNDP will review environmental certifications in the procurement processes.

→ **UNDP will review existing certification schemes** and decide to what extent such schemes will be adapted by the organization, i.e. ISO certification and standards on environmental management systems, participation in self-reporting schemes on green-house gas emissions (such as the Carbon disclosure project).

→ **UNDP will continue to develop the “Green Procurement Index Health,”** use health products as a pilot and extend this concept into other sectors, providing an objective measurement of sustainability in the organization. This is the first step in a broader commitment to indexing green initiatives.

Likewise, procurement departments and the performance of procurement professionals will be measured and rated also according to benchmarks on green and CSR procurement.

PSO will continue to regularly measure progress in sustainable procurement and report its findings to the Annual Statistical Report on United Nations Procurement.

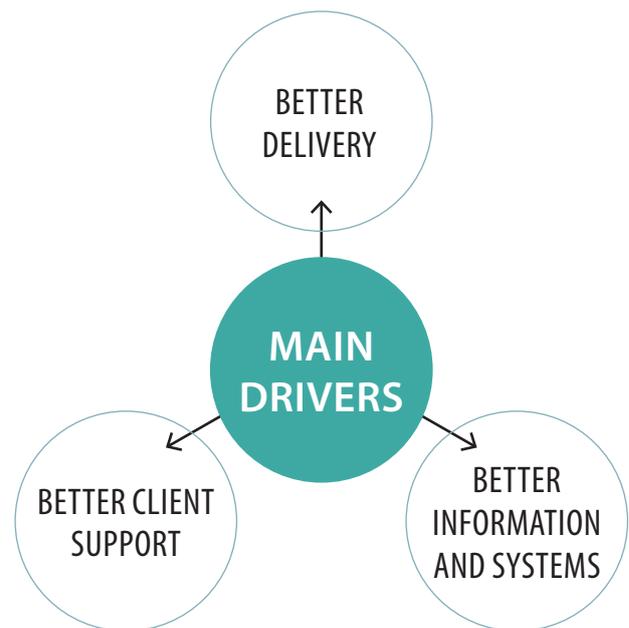


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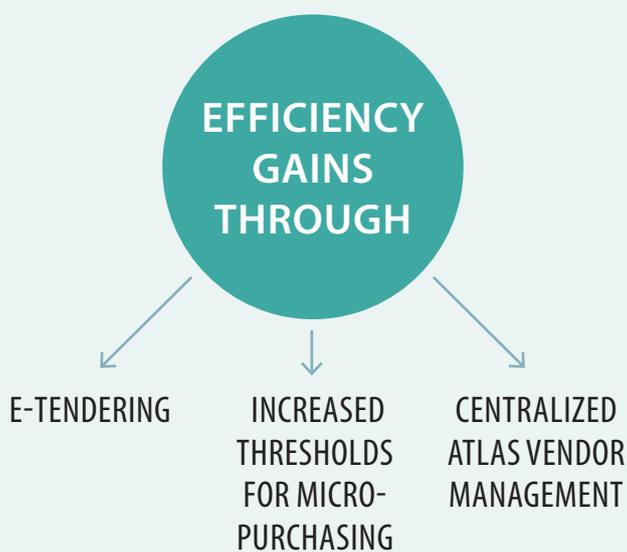
Implementation

In implementing better procurement services to support project delivery, UNDP aspires to deliver a demand-driven, scalable, self-financing service in support of UNDP Programme Delivery needs. The implementation support structure will have, at its core, three main drivers: accelerated delivery, better client support and better information and systems.

Better Delivery is paramount to UNDP's continued success. UNDP will accelerate delivery through the use of Long Term Agreements, pre-positioned goods and faster sourcing processes, as well as continuous business improvement of UNDP procurement methods and tools. Systematic reviews of key policies, such as those that govern third party suppliers and partners, will be undertaken frequently based on feedback from country offices.



There will be major efforts to expand the global architecture of Long Term Agreements (LTAs) in order to reduce the lead time in procurement, and to avoid parallel and repetitive bidding processes by separate UNDP business units. UNDP's overall percentage of procurement contracted in the framework of LTAs will be increased from 20% to 40%, bringing it more in line with the practice of other UN organizations. Increased thresholds for micro-purchasing as well as the introduction of e-tendering and centralized Atlas vendor management will lead to further efficiency gains and reinforce UNDP's enabling role.



Better Client Support

As one of the largest buyers in the UN family and given the decentralized nature of UNDP, it is critical that timely and relevant advice is available to Country Offices on procurement issues. Through the implementation of the Service Delivery model, HQ and Regional Procurement Advisors will be available to support Country Offices in delivering on their portfolios.

Better Information and Systems

Procurement decisions in UNDP should be based on careful data analysis, revealing spending and risk patterns. The global establishment of long term agreements should be informed by accurate spend analysis, and value for money and simplified order processing should be primary drivers in restructuring procurement behaviours.

By using a Standardized Delivery Agreement, UNDP Procurement Services will clearly define how procurement services are delivered to country offices. These agreements will include scope of work, roles and responsibilities as well as timelines, and give the client the opportunity to provide feedback on performance once the agreement is concluded.

Strengthening Systems

New technology is critical to delivering in a cost effective and robust manner and to assist in mitigating risks by ensuring separation of duties and integrated document chains. Multiple projects, including E-tendering, the E-Consulting Platform and updated procurement dashboards will be delivered within the framework of this procurement strategy.

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Assessing and Building Capacity

UNDP has an extensive network of partners who work together to achieve development outcomes. Government partners, in particular, can be strengthened by applying industry standard assessments and capacity building efforts. Country offices can also benefit from capacity assessments and internal training for non-procurement practitioners.

Shifts in our headquarters and regional business architecture are bringing our staff together to cut through traditional programme “silos,” recognizing the reality that development’s many dimensions interconnect and build on each other. A process of aligning our country programmes maintains their traditional responsiveness to national priorities, while gearing them up to work in new ways.

The closer integration of procurement and programme will also establish procurement capacity building of national counterparts as an integral feature of good governance projects.



Development’s many dimensions interconnect and build on each other





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