DOING BUSINESS WITH
THE UNITED NATIONS (UN)

Kerry Kassow, High Level Committee of Management’s Procurement Network (HLCM PN)
Agenda

- UN Procurement & Statistics
- UN System of Organisations
- Supplying the UN
- Finding Information – UNGM
- General UN Procurement Procedures
- Practical Tips
High Level Committee of Management’s Procurement Network

The Procurement Network - Heads and Directors of 40 Agencies.

Focuses on:

- Professional Development
- Harmonisation
- Sustainable Procurement
- Strategic Vendor Management
- UN Global Marketplace (UNGM)

United Nations logo
UN Procurement & Statistics
Procurement & United Nations ultimate goals

https://sustainabledevelopment.un.org/
The UN Global Compact and the Supplier Code of Conduct

- The UN strongly encourages all vendors to actively participate in the Global Compact
  
  The Global Compact promotes principles of human rights, labour, environment and anti-corruption
  
  [www.unglobalcompact.org](http://www.unglobalcompact.org)

- The **UN Supplier Code of Conduct** spells out the principles that should inspire the business practice of suppliers
  
  The UN Supplier Code of Conduct provides the minimum standards expected of suppliers to the UN
  
Total UN procurement of goods and services 2010-2014
Procurement volume of the 10 principal UN agencies 2014

USD Million

- UNICEF: 3,382
- UN/PD: 3,207
- WFP: 2,753
- UNDP: 2,285
- UNHCR: 1,045
- WHO: 709
- PAHO: 709
- UNOPS: 669
- UNFPA: 357
- FAO: 351

2013

2014
10 major countries of supply to the UN System 2014

USD Million

- USA: 864 (Goods 642, Services 222)
- India: 1,095 (Goods 1,032, Services 63)
- Afghanistan: 104 (Goods 71, Services 33)
- Belgium: 627 (Goods 419, Services 208)
- Switzerland: 202 (Goods 81, Services 121)
- UK: 271 (Goods 222, Services 49)
- UAE: 515 (Goods 58, Services 457)
- France: 379 (Goods 33, Services 346)
- Russian Federation: 72 (Goods 4, Services 68)
- Denmark: 176 (Goods 23, Services 153)

8.74% of total volume
What does the UN buy?

Top 5 sectors (approx 65% of total UN procurement)

- Health: 31.7%
- Transport: 21%
- Food & farming: 16%
- Construction & engineering: 11%
- Management & administrative services: 11%
- Fuel: 10%
- Other goods & services: 4%
UN procurement from the Netherlands

Buying from the Netherlands (USD Million) 2014

- WHO – 59.27
- UNICEF – 42.32
- UNFPA – 40.68
- PAHO – 29.01
- WFP – 23.93
- UNRWA – 22.70

1.63% of total UN procurement = 17th largest country of supply
Major goods and services supplied by the Netherlands:

**Goods**
- Pharmaceuticals: 48.3%
- Medical equipment: 13.4%
- Food and beverage products: 21.1%
- Motor vehicles: 8.6%
- Laboratory equipment: 5.0%
- Other: 3.6%

**Services**
- Health: 7.2%
- Transport: 21.3%
- Business administration: 12.7%
- Engineering: 5.6%
- Utilities: 5.5%
- Other: 47.7%
UN System of Organisations
The United Nations is not a single organisation

Each organisation is a market in itself - different functions, characteristics and requirements

Important to recognise the above if you wish to do business with the UN
Supplying the UN
Are you ready to supply the UN?

- Market knowledge (UN structure and culture)
- Suitable products/services
- Export experience/references
- Languages
- Competitive prices
- Networks/partners (country knowledge, after-sales services etc.)
- Capacity (financial, personnel)
- Intercultural skills
- Flexibility
- Accuracy
- Persistence and patience
Step-by-step towards success

- Market research, identify relevant UN Organisations, register
- Understand the procurement practices, seek opportunities
- Bid according to tender documents, observe norms and standards, seek clarification
- Performance
Finding Information
Web-based information

UN Procurement’s single commercial and procurement portal: United Nations Global Marketplace (UNGM) [www.ungm.org](http://www.ungm.org)

Welcome to the UNGM

- Register
- Business Opportunities
- Tender Alert Service
- UN Staff Area
- Contract Awards
- Knowledge Centre
Business information

- **The Annual Statistical Report**
  - UN procurement by country
  - UN Agency procurement by country, commodity or service
  - Purchase orders and Contracts (over USD 30,000) placed by agency, by country of vendor, value and description of goods or services
  - Top Ten items procured by Agency

- **Virtual Business Seminar Area**
  - Meet the UN Agencies, fields of activity, procurement activities, statistics, tenders etc.

**Available from www.ungm.org**
Register as a Potential Supplier

www.ungm.org
The UN Global Marketplace (UNGM)

- Register - free of charge
- Business opportunities
- Subscribe to Tender Alert Service
- Help? registry@ungm.org
UN Procurement Procedures
Common Guidelines for UN Procurement

Procurement activities of the UN system are based on the following:

- The objectives of the UN Organisation
- Fairness
- Integrity & accountability
- Transparency
- Effective competition
- Best value for money

The common guidelines cover procurement stages from sourcing to execution of a contract - www.ungm.org
Common General Terms & Conditions

- Cover both the procurement of goods and the contracting of services
- Most provisions are common within the UN system
- Potential suppliers are encouraged to familiarise themselves with the UN General Terms & Conditions.

Available at [www.ungm.org](http://www.ungm.org)
How is the procurement method decided?

- the value of the procurement
- the nature of the goods and services to be procured
- critical dates for delivery
Types of solicitation

- **Expression of Interest (EOI)**
  - Interested suppliers requested to provide information on their products, resources, qualification, etc.

- **Request for Quotation (RFQ)**
  - Less formal solicitation used for lower value procurement (< USD 30,000*)

- **Invitation to Bid (ITB)**
  - Formal solicitation method for well-defined goods (or services); contract award is based on lowest priced acceptable bid (> USD 30,000*)

- **Request for Proposal (RFP)**
  - Formal solicitation, generally for services, whereby the contract award is based on a combined (weighted) evaluation of both the technical solution and price (> USD 30,000*)

**Thresholds may vary**

**Evaluation Criteria for Requests for Proposal (RFP)**

- Always evaluated according to the principle of **best value**
- Best value: best overall benefit, **both technically and financially**

Generally, the technical proposal will be given 60%-70% of the overall score, and 30%-40% will be given to the financial proposal.

The evaluation criteria are set out in the RFP.
In summary

Up to 30,000 USD*

- Informal, simplified acquisition procedure
- Requests for Quotation (RFQ)
- Minimum 3 responsive quotes recommended
- Lowest priced, technically acceptable bidder or best value bidder

Above 30,000 USD*

- Invitation to Bid (ITB) and Request for Proposal (RFP)
- Open and formal: advertised (on the web) generally larger shortlist (minimum 6 potential bidders, 3 to comply)
- Public bid opening
- CPO approval after review and recommendation by Contract Committees

* Thresholds may vary
In addition . . .

**Long Term Agreement/Frame Agreement**
- Based on ITB or RFP process
- 2-4 years period
- Potentially more than one LTA for same goods/service
- Single tendering exercise *reduces administrative effort*
- The supplier benefits in terms of *continuity of supply*

**Direct Contracting**
- Exception to the rule
- Extreme emergency
- Sole source
- If competitive bidding process has failed for valid reason
- Very stringent controls and has to be well justified
Evaluation Criteria

- Acceptance of UN payment terms, terms & conditions etc.
- Technical Requirements
- Delivery Terms & Delivery Time
- Recognised International/National Standards
- Supporting Documentation
- Proven Production Capacity & Financial Strength
- Previous Contract References
- Warranty Conditions & Appropriate After-sales Service
- Price
How are vendors identified?

- Competitive suppliers of previous procurement
  - Past performance
- Suppliers of the required goods or services, found on the UN Global Market
  - Codification
- Through calls for Expression of Interest (EOI)
  - Notices
- Search of World Wide Web
- Databases e.g. Kompass, DACON
- Trade Missions, Chambers of Commerce
- Exchange with other UN Agencies
Practical Tips

General

- Always respond to bid invitations – if you cannot submit an offer, inform accordingly

Bid Preparation

- Study bid documents, conditions and requirements carefully
- Ask for clarification if uncertain
- Ensure that your offer meets ALL bidding requirements
- Technical specifications – read carefully and meet minimum requirements
- Quality statements – international/national standards
Practical Tips

- Alternative proposal may be provided, in addition to what is being asked for
- Submit bid, catalogues etc. in requested language
- Prepare bid to facilitate work of procurement officer - requested format, use submission forms

Bid Submission
- Meet deadline
- Attend public bid openings, whenever called

Remember
- Learning process
Thank you!

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