

## What is Public Procurement?

The purchase of goods, services and works by public authorities or civil service organisations using public funds.

The procurement process at UNFCCC is carried out within the framework of the UN Financial Rules and Regulations (FRR), and the UN Procurement Manual. The UN, including the UNFCCC secretariat, is a civil service organisation using taxpayers' money entrusted to it from nations around the world. The secretariat is closely monitored not only by governments but also by the public and media, the business community, and auditors, who expect it to ensure fair competition, transparency and integrity. It is therefore that the UN has established certain, quite strict procedures for its spending. These procedures protect staff against allegations of waste, abuse or fraud. For instance, there is a strict segregation of responsibilities in the procurement process in the secretariat. Any solicitation, or public tendering, is put under the exclusive control of the Procurement team, and must not be conducted by anyone else.

## Principles of UN Procurement

All UN Procurement is guided by the following principles:

- **Best Value for Money**
- **Fairness, integrity and transparency**
- **Effective international competition**
- **The best interests of the organisation**

### **Best value for money**

Best value for money means selecting offers which present the optimum combination of factors such as appropriate quality, life-cycle costs and other parameters which can include social, environmental or other strategic objectives which meet the end-user needs. Best value does not necessarily mean the lowest initial price option, but rather represents the best return on the investment, taking into consideration the evaluation criteria in the specified solicitation documents.

### **Fairness, integrity and transparency, through competition**

Competition conducted in a fair and transparent manner is the heart of procurement in the Secretariat and UN. For competition to work best, it must guard against collusion and be conducted based on clear and appropriate regulations, rules and procedures that are applied consistently to all potential suppliers.

The procurement process should be carried out in a manner that gives all interested parties, both inside and outside the organisation the assurance that the process is fair. A transparent system has clear rules and mechanisms to ensure compliance with those rules (unbiased specifications, objective evaluation criteria, standard solicitation documents, equal information to all parties, confidentiality of offers, etc).

Records are open, as appropriate, to inspection by auditors; unsuccessful suppliers can be briefed on the strengths and weaknesses of their own offers. Transparency ensures that any deviations from fair and equal treatment are detected very early, and makes such deviations less likely to occur. It thus protects the integrity of the process and the interest of the Secretariat.

### **Economy and effectiveness**

Economy and effectiveness means providing an appropriate solution to the organisation's need with regards to quantity, quality and timeliness at the right price. It also means ensuring that the overall cost to the Secretariat in conducting the procurement process is minimised in the interests of the overall budget of the organisation. Economy protects the interest of the budget owner, while effectiveness ensures the interest of the end-user is met.

## Standard purchasing methods

### An overview of standard procurement methods

Procurement Method	Contract Value	Type of Requirement	Type of Competition	Award criteria	Process owner
<b>Low value</b>	< USD 10,000	Goods, services, or simple works	Limited international or national	Lowest technically compliant quotation	Requisitioner
<b>RFQ</b> Request for Quotation	USD 10,000 to USD 40,000	Standardised goods or services	Limited international or national	Lowest technically compliant quotation	Procurement
<b>ITB</b> Invitation to Bid	USD 40,000 and above	Standardised goods or services	Open international	Lowest substantially conforming bid	Procurement
<b>RFP</b> Request for Proposal	USD 40,000 and above	Services	Open international	Qualified, most responsive proposal (best value for money)	Procurement
<b>Direct Contracting</b>	Any amount within permissible circumstances	Services, Goods, or Works	None	Exemption from competitive bidding	Procurement

#### Low value (LV)

Low value purchasing is a simplified and informal procurement method intended for the purchase of readily available goods, standardised services and small works, and where the contract amounts involved are not expected to exceed USD 10,000. This is also commonly referred to as 'shopping' or 'micro-purchasing'.

#### Request for Quotation (RFQ)

The RFQ is an informal procurement method used for the procurement of readily available goods, services or works, or any combination thereof, whereby the buyer sends a written request to a vendor, soliciting a written price quotation based on a requirement that is clearly described in the request. The use of an RFQ is mandatory for contract values between USD 10,000 and USD 40,000.

The contract is awarded to the lowest substantially conforming bid as defined in the Financial Rules and Regulations of the UN state in in Rule 105.15(a): *'When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to the United Nations.'*

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

An ITB is a formal procurement method intended for the procurement of readily available goods or services that are valued at USD 40,000 or more. The ITB only requires bidders to detail the costs to meet the precise specifications of goods or services needed by the UN agency.

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For RFQs and ITBs, no additional consideration is given to vendors whose submission exceeds the required specifications.

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

An RFP is a formal procurement method used for the procurement of goods, services and works where the inputs and/or outputs cannot be quantitatively and qualitatively expressed in sufficient details at the time of the solicitation, and that are valued at USD 40,000 or more. In an RFP, the services are not entirely readily available but may be designed, provided or undertaken to suit the UNFCCC's requirements, so that the review process and analysis need to be more formal and detailed to eliminate the risks of subjectivity.

The contract is awarded to the qualified, most responsive proposal as defined in the Financial Rules and Regulations of the UN state in in Rule 105.15(b): *'When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.'*

### **Direct Contracting**

Direct contracting, also known as Sole Source or Single Source, is a procurement method that allows the awarding of a contract without competition. UN agencies may only use this method when it is not feasible to undertake a competitive bidding process, and when proper justifications exist. Procurement determines if the use of direct contracting is justified.

Justification for an exception from competitive bidding can include:

- Lack of competition;
- Proprietary items;
- Minor value;
- Exigency (defined by the Procurement Manual (Chapter 9, Section 19.1) as *'an exceptional, compelling and emergent need, **not resulting from poor planning or management**, or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons, if not addressed immediately'*);
- Security (critical items);
- Research and development;
- Extension of works;
- Standardisation with previously purchased goods or services.

**Competitive bidding methods  
(RFQs, ITBs, RFPs)**

The competitive bidding methods differ in their level of formality (and thus length) due to the intended value of the product or service, and to the duration and complexity of the ensuing vendor relationship.

RFQ	ITB	RFP
<b>Sourcing</b>		
n/a	Call for Expressions of Interest (EOI) advertised publicly on UNFCCC and UNGM websites.	Call for Expressions of Interest (EOI) advertised publicly on UNFCCC and UNGM websites.
n/a	Request for Information / Commercial Dialogue.	Request for Information / Commercial Dialogue.
Vendor list compiled of registered vendors in relevant fields.	Vendor list compiled of all vendors who expressed interest and are relevant/qualified, and registered vendors in relevant fields.	Vendor list compiled of all vendors who expressed interest and are relevant/qualified, and registered vendors in relevant fields.
<b>Solicitation</b>		
Solicitation document drafted	Solicitation document drafted	Solicitation document drafted
Solicitation document issued	Solicitation document issued	Solicitation document issued
n/a	Vendors asked to confirm intention to bid or reasons why not (voluntary, non-binding).	Vendors asked to confirm intention to bid or reasons why not (voluntary, non-binding).
Vendors request clarification where necessary.	Vendors request clarification where necessary.	Vendors request clarification where necessary.
n/a	If appropriate – vendors invited to pre-bidders’ conference.	If appropriate – vendors invited to pre-bidders’ conference.
UNFCCC compiles all questions (anonymised) and issues clarification to all bidders on vendor list.	UNFCCC compiles all questions (anonymised) and issues clarification to all bidders on vendor list. Several rounds of clarifications possible – may result in extension of submission deadline.	UNFCCC compiles all questions (anonymised) and issues clarification to all bidders on vendor list. Several rounds of clarifications possible – may result in extension of submission deadline.
Vendor submits quotation by deadline – late submissions not accepted.	Vendor submits bid by deadline – late submissions not accepted.	Vendor submits proposal by deadline – late submissions not accepted.
n/a	Procurement convenes Tender Opening Committee to open bids (public opening) and perform first check for compliance with formal criteria. Names of vendors and bid totals read out.	Procurement convenes Tender Opening Committee to open technical proposals (public opening) and perform first check for compliance with formal criteria. Names of vendors read out.

<b>Evaluation</b>		
n/a	Bids evaluated for compliance with formal criteria as per evaluation criteria published in ITB	Technical proposals evaluated for compliance with formal criteria as per evaluation criteria published in RFP
n/a	n/a	Formally compliant technical proposals forwarded to technical evaluation team for evaluation - quantitative rating - as per evaluation criteria published in RFP. Technical evaluation team may request clarifications from vendors. Vendor presentations may be requested in the RFP.
n/a	n/a	Procurement convenes Tender Opening Committee to open financial proposals of vendors exceeding minimum technical score.
Procurement completes evaluation based on pass/fail criteria. Clarifications (for explanation or elaboration only) requested from vendors where necessary. Substantive changes to price not permissible. Internal client requested to confirm technical compliance.	Procurement completes evaluation based on pass/fail criteria. Clarifications (for explanation or elaboration only) requested from vendors where necessary. Substantive changes to price not permissible. Internal client requested to confirm technical compliance.	Procurement completes final evaluation including weighted combination of financial and technical evaluation. Clarifications (for explanation or elaboration only) requested from vendors where necessary. Substantive changes to price or technical proposal not permissible.
<b>Selection</b>		
Lowest technically compliant quotation selected based upon evaluation – multiple awards possible.	Lowest substantially conforming bid selected based upon evaluation – multiple awards possible.	Qualified, most responsive proposal selected based upon evaluation – multiple awards possible.
n/a	For contract awards > USD 100,000: process and selection documented and presented to local contracts committee (LCC), who, upon clearance, will recommend an award to the approving officer with necessary delegation of authority	For contract awards > USD 100,000: process and selection documented and presented to local contracts committee (LCC), who, upon clearance, will recommend an award to the approving officer with necessary delegation of authority
	For contract awards > USD 1,000,000: process and selection documented and presented to NY HQ contracts committee (HCC), who, upon clearance, will recommend an award to the	For contract awards > USD 1,000,000: process and selection documented and presented to NY HQ contracts committee (HCC), who, upon clearance, will recommend an award to the

	approving officer with necessary delegation of authority	approving officer with necessary delegation of authority
Upon award approval, purchase order (single order) or contract (long-term agreement) drafted.	Upon award approval, purchase order (single order) or contract (long-term agreement) drafted.	Upon award approval, purchase order (single order) or contract (long-term agreement) drafted.
n/a	A Letter of Intent or Notice of Award may be issued to the successful vendor(s).	A Letter of Intent or Notice of Award may be issued to the successful vendor(s).
n/a	Contract negotiation phase begins. Formalities and implementation details may be discussed with successful vendor(s). Principles of tender, bid and general terms and conditions must not be negotiated. Legal review.	Contract negotiation phase begins. Formalities and implementation details may be discussed with successful vendor(s). Principles of tender, proposal and general terms and conditions must not be negotiated. Legal review.
<b>Award</b>		
Exchange of signatures on final contractual document	Exchange of signatures on final contractual document	Exchange of signatures on final contractual document
Regret letters or debriefings to unsuccessful vendors	Regret letters or debriefings to unsuccessful vendors	Regret letters or debriefings to unsuccessful vendors
<b>Contract management</b>		
Contract implementation and management	Contract implementation and management	Contract implementation and management