

Framework for Using Implementing Partners Procurement System

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1. SUMMARY AND RATIONALE

Pursuant to the UN General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system, UNDP has developed an operational framework for increasingly using Implementing Partners' procurement systems. Its implementation will significantly reduce transaction costs and lessen the burden that the multiplicity of procedures and rules creates for its partners.

UNDP¹ will adopt a risk management approach and will select specific procurement modalities on the basis of assessments of the partner countries' national procurement system and of the procurement capacities of Implementing Partners. UNDP will also agree on activities to maintain assurance over the utilization of the funds provided for procurement.

The introduction of the new framework is a further step in implementing the Rome Declaration on Harmonization and the Paris Declaration on Aid Effectiveness, which call for a closer alignment of development aid with national priorities and needs. The approach allows efforts to focus more on strengthening national procurement capacities, with a view to gradually shift to utilizing national systems. It will also help UNDP to shape their capacity development interventions and provide support to new aid modalities.

In preparing the "Framework for using Implementing Partners Procurement System" relevant recommendations and good practices of the OECD/Development Assistance Committee have been considered. The Framework follows the structure, the guiding principles and the general risk assessment and risk mitigation approach of the Harmonized Approach for Cash Transfers to Implementing Partners (HACT) to ensure that procurement related decisions are well integrated into the overall policy framework for the use of country systems. It also ensures that the UNDP Financial Rules and Regulations requesting the assessment of Implementing Partners' procurement capacities before transferring procurement responsibilities are complied with.

The framework will be rolled out in a phased manner.

¹ UNDP intends to present this framework to UNDG ExCom Agencies and other UN Agencies who could choose to adopt these procedures.

2. PRINCIPLES

Procurement Modalities

Procurement is undertaken in the context of programs and projects and in order to support development goals. Procurement activities need to support deliverables and activities identified in the Project Document. Normally they are framed in annual work plans (AWPs) and specified in annual procurement plans.

Four procurement modalities are available to UNDP, within the frameworks of programme content and operational agreements described in the Country Programme Actions Plans (CPAPs):

- Procurement by Implementing Partner (IP, i.e. Government or NGO)
- Procurement conducted by the IP based on agreed procurement rules
- Procurement by UNDP
- Procurement by Procurement Agent – specialized UN Agencies

Within a Project *a combination of above procurement modalities can be applied per procurement categories* depending on the identified risk and the level of complexity. For example as a result of the analysis it can be agreed that the IP is fully responsible for managing certain procurement activities while another of high complexity and where the IP has a limited capacity will be managed by UNDP.

1) Procurement by the implementing partner

Use; It is the preferred procurement modality, subject that implementing partner procurement rules and regulations do not contravene UNDP, and the IP has demonstrated capacity to manage the complexity of the procurement activities planned as part of the project implementation.

Procurement Process; IP is responsible for the entire procurement process based on the procurement national legislation.

Signature; IP is responsible for signing the contract and for the contract management

Assurance activities; specific activities will be defined in a case by case basis depending on the identified risk and complexity. As a minimum it is necessary to request the IP to furnish on Procurement Plans and periodical reporting on the status of procurement activities.

2) Procurement conducted by IP based on agreed procurement process and procedures

Use; in cases when it is identified that IP procurement rules and regulations contravene UNDP ones, it is necessary to agree on a set of rules that complies with UNDP procurement principles and standards.

Moreover in cases when IP procurement capacity is limited UNDP supports IP in conducting some activities, and reinforce the IP procurement capacity.

Procurement Process; IP is responsible for the procurement process, based on the agreed procurement process and procedures, with UNDP's support. Detail roles and responsibilities need to be defined for UNDP support. In particular the role of UNDP procurement review committees needs to be clearly defined.

Signature; IP is responsible for signing the contract and for the contract management. UNDP shall not take over contract management responsibilities as the contract is signed by the Government.

Assurance activities; specific activities will be defined in a case by case basis depending on the identified risk and complexity. As a minimum it is necessary to request the IP to furnish on Procurement Plans and periodical reporting on the status of procurement activities. Under this modality special consideration will need to be taken regarding ex-ante and/ or ex-post approvals and applicable amounts, and in particular the role of UNDP contract committees (CAP and ACP).

3) Procurement by UNDP

Use; it is the least desirable scenario, when there is a capacity gap that cannot be covered. In these cases UNDP will be responsible for managing procurement, and will follow UNDP procurement rules and regulations. Although UNDP is fully responsible and accountable for procurement it is important to maintain IP informed of the status of procurement actions and seek the counterpart agreement in each relevant step. Especially in the "requisition stage" (development of specifications, TOR), that needs to be endorsed by the Government.

Procurement Process; UNDP is responsible for the procurement process, based on UNDP procurement rules and regulations.

Signature; UNDP is responsible for signing the contract and for contract management.

Assurance activities; internal assurance mechanisms contemplated in UNDP procurement rules and regulations will apply.

4) Procurement by a procurement Agent – specialized UN Agencies

Use; in cases when IP does not have the capacity and in discussions with the Government it is decided that outsourcing to another UN agency is the most suitable option.

Procurement process; selected UN Agency procurement rules and regulations will apply.

Signature; management and coordination of the UN procurement agency will be done by UNDP. The selected UN Agency will be responsible for signing the contract with the third parties and therefore for the contract management.

Assurance activities; UN Agency procurement internal assurance mechanisms will apply. As a minimum the UN Agency will need to provide procurement plans and regular procurement reports of the contracted activities.

- In all procurement modalities it is necessary to establish assurance mechanisms to ensure deliverables are met, process and procedures are compliant with established rules and regulations, and procurement principles respected. Detail information regarding assurance activities is covered in “Section 5 – Assurance Activities”

Table 1: Legal Obligations

Modality	Legal Obligation – signing contract
Procurement by IP	Government/NGO
Procurement conducted by IP based on agreed rules	Government/ NGO
Procurement by UNDP	UNDP
Procurement Agent (commissioned by UNDP)	UNDP

The Responsible Party enters into the legal obligation and signs supply, service and work contracts.

Harmonized Procedures

The procedures presented in this framework for reviewing and conducting assessments, *identifying the appropriate procurement modality, procurement planning, reporting on procurement transactions, and maintaining assurance over the accuracy of the reports*, are essentially the same for the four modalities.

The rules and procedures governing the procurement process naturally depend on the legal framework to be applied by the Responsible Party (National legislation, UNDP procurement guidelines, NGO procurement guidelines, Contract with procurement agent).

Managing Risks

There is a risk that procurement transferred to Implementing Partners may not be carried out or reported in accordance with agreements between UNDP and the Implementing Partner. The level of risk can be different for each Implementing Partner. For each Implementing Partner UNDP effectively and efficiently manages this risk by:

- 1) Reviewing existing assessments of the partner countries’ national procurement system;
- 2) Assessing the Implementing Partner's procurement capacity;

- 3) Selecting appropriate procurement modalities taking the specific project procurement risks into consideration;
- 4) Applying appropriate procedures and maintaining adequate awareness of the Implementing Partner's internal controls for procurement through assurance activities.

For each Implementing Partner the level of risk may change over time, and this may result in changes in procedures and assurance activities, and possibly in the choice of the procurement modality.

3. CAPACITY ASSESSMENTS

UNDP² will assess the risks associated with managing procurement by the Implementing Partner, before transferring funds for procurement. When a number of Implementing Partners exist within a Ministry, the assessment will be conducted at the ministerial level. Two types of assessments are required:

- **Macro Assessment**

In order to ensure adequate awareness of the public procurement environment within which UNDP will transfer procurement to Implementing Partners, a review of existing assessments of the public procurement system will be conducted. This review is expected to be undertaken once per programme cycle, preferably during Common Country Assessment (CCA) preparation, and may be updated whenever significant changes in the country's governance system are noticed. The Macro Assessment findings provide information on the national context that is useful for each Micro Assessment.

- **Micro Assessment**

The Micro Assessment assesses the risks related to procurement carried out by the Implementing Partner and is done once every programme cycle, or whenever a significant change in the Implementing Partner's organizational management is noticed. Assessments should be done for partners (government or NGO) where the planned annual Project Procurement Amount³ of a project exceeds \$100,000; as initially defined in the CPAP or AWPs. The cost of a procurement assessment of the Implementing Partner capacity will be charged to the project. In all cases if the procurement capacity of an Implementing Partner has been assessed once during the program cycle and conditions remain the same, there is no need to re-assess the procurement capacity of the Implementing Partner.

The Macro and Micro Assessments serve two objectives:

- *Development objective:* The assessments help UNDP and the Government to identify strengths and weaknesses in the public procurement system and the procurement practices of individual Implementing Partners, and identify areas for capacity development.
- *Procurement management objective:* The assessments help UNDP to identify the most suitable procurement modality and procedures, and scale of assurance activities to be used with each Implementing Partner.

- **Project Procurement Arrangements – Use of Implementing Partner Systems**

The assessments do not establish conditionality for assistance from UNDP. With information obtained through the Macro and Micro Assessment, appropriate procurement arrangements

² UN Agencies who decide to adopt these procedures and UNDP will jointly review and carry out assessments further reducing transaction costs and lessen the burden for partners

³ For the purpose of this guideline Project Procurement Amount is calculated based on the project planned acquisition of goods, services contracted with independent institutional entities and contracts with individual consultants

will be decided on at the project level (before signing the Project Document – PRODOC). Based on the procurement plan and taking specific project procurement risks into consideration, the appropriate procurement modality will be identified, and the frequency and coverage of assurance activities will be specified.

UNDP preferred procurement modality is the use of Implementing Partners procurement system, subject that the procurement system complies with UNDP standards and they have demonstrated procurement capacity.

In exceptional situations, when a Micro Assessment of an Implementing Partner cannot be conducted, UNDP will apply modalities and procedures applicable to a high-risk partner.

3.1 Macro Assessment of the Country's Public Financial Management System

Before procurement responsibilities are transferred to Implementing Partners, UNDP must examine and interpret – in collaboration with national development partners – existing assessments of the country's Public Procurement System undertaken by multilateral or bilateral development partners in the past five years.

Even if no other assessments exist, UNDP should *not* itself undertake or contract for original research for a Macro Assessment. If there is inadequate data to complete the Macro Assessment, UNDP should advocate to the Government that such work be undertaken.

The Review of the Macro Assessment will normally be undertaken as part of the preparation of new Country Programmes. Guided by the expertise of independent and suitably qualified consultants, UNDP and the Government will conduct an open and transparent review of the findings of existing procurement assessments and other related available diagnostic work.

The review covers: 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.

In case a comprehensive Macro Assessment on procurement does not exist, UNDP will apply a simplified tool to ensure that the existing public procurement rules and regulations at least meets minimum procurement standards established in UNDP procurement Financial Rules and Regulations.

The review should result in a report of about four pages and conclude with a completed table of the risk areas.

For details on how to conduct a Review of the Macro Assessment see *Annex I – Guidelines for the Review of a Country's Public Procurement System*

In the case a Macro Assessment does not exist see *Annex II – Compatibility analysis of Implementing Partner with UNDP Procurement Regulation, Rules, Practices and Procedures.*

3.2 Micro Assessments of Implementing Partners' Procurement Capacity

Before procurement responsibilities are transferred to Implementing Partners, the Implementing Partners' procurement capacities must be examined. Together with the Implementing Partners, UNDP under the lead of its country representative will conduct a procurement capacity assessment of each Implementing Partner (government or NGO) that receives or is expected to receive funds above an annual amount (usually US\$ 100,000).

The Micro Assessment covers four core issues and the technical capacities required to ensure sound, efficient, and transparent procurement practices at the Implementing Partners' level: Institutional Arrangements, Leadership, Knowledge, Accountability, and the Procurement Cycle. It includes areas such as procurement strategy, procurement planning, procurement organization and practices, documentation, handling of complaints, internal and external controls, etc.

For each Implementing Partner, UNDP may conduct the Micro Assessment itself, or hire a suitably qualified procurement consultant. When a consultant conducts the Micro Assessment, UNDP will discuss and adopt the assessment findings. When a significant development partner has completed a thorough and reliable assessment, the results should be reviewed and adopted.⁴

The assessments should be done in a transparent manner and the Implementing Partners should participate in the process. If the Implementing Partner receives or is expected to receive funds an annual amount (usually US\$ 100,000), Micro Assessments *may* be conducted if so desired by UNDP to determine the most effective and efficient procedures. In this case, the assessments could be simplified and conducted by the Implementing Partners as a self-assessment.⁵

The assessment should be based on interviews or group discussions with Implementing Partner's representatives and other stakeholders. It is recommended that a certain number of recent procurement cases should be reviewed. When adequate information (e.g., reviews of past experience with the Implementing Partner, recent assessments by other Agencies, NEX procurement audit reports) exists, it should be used to inform the assessment.

Each Micro Assessment concludes with a statement of the overall risk related to procurement, rated as low, moderate, significant or high. The overall risk rating for the management of procurement is rated "low" if the Implementing Partner's system is considered capable of i) carrying out sound and efficient procurement in line with applicable procurement rules and procedures which meet internationally recognized standards; ii) correctly recording all transactions; iii) supporting the preparation of regular and reliable procurement status reports, and iv) is subject to acceptable auditing arrangements. If an assessment is not completed for a specific Implementing Partner, UNDP will apply the procedures and assurance activities that are applicable to a "high risk" partner.

⁴ UN Agencies working with the same Implementing Partner could decide to jointly conduct the assessment of that Implementing Partner.

⁵ Self-assessments to be reviewed by the Agencies

Each Micro Assessment should result in a report of about four pages. The Micro Assessment report must be shared with the assessed partner.

For details on how to conduct a Micro Assessment see

Annex III – Guidelines for Assessing Implementing Partners’ Procurement Capacities

Annex IV – Checklist for the Analysis of Implementing Partners’ Procurement Capacities

3.3 Project Procurement Arrangements

As a third step in the process, for each project the procurement modality will be selected and assurance mechanism put in place, taking into consideration the project procurement risk and complexity. This part is discussed in detail in Section 4 “Procurement Arrangements at project level”.

4. PROCUREMENT ARRANGEMENTS AT PROJECT LEVEL

The scope of procurement to be managed in a specific project depends on the external resources required as inputs to achieve the stipulated project goals as specified in the Project Document or in Work Plans. The Project Document usually contains a procurement budget and a list of planned procurement broken down into different categories. The value and complexity of the procurement to be managed at the project level differs from project to project and, together with the findings of the Macro Assessment and the Micro Assessment, needs to be taken into consideration when deciding on the appropriate procurement arrangements, i.e. the procurement modality, procurement planning and reporting, as well as assurance activities.

Under the responsibility of the Project Manager, the Macro and Micro Assessment findings are applied and specific arrangements are defined in the project suitable to the project procurement risk level. The following approach is suggested:

4.1 Reflecting the findings and risk ratings of the Macro and Micro Assessment and identifying the procurement modality

In the process of preparing the Project Document (PRODOC), the findings of the Macro Assessment (quality of the country’s public procurement system) and the Micro Assessment (Implementing Partner’s procurement capacities) are to be reviewed. To visualize the level of risks associated with procurement at the national and partner level project procurements would be exposed to, the table below can be used. The table contains suggested procurement modalities for four scenarios (high risk, significant to high risk, significant risk, low to moderate risk).

Table: Risks imposed by the national procurement system and IP’s procurement capacities and suggested procurement modality

National procurement system ↑	High risk	Significant to High risk <i>⇒ Procurement IP based agreed rules</i>	High risk <i>⇒ Procurement by UNDP or UN Agency</i>	
	Significant risk	<i>⇒ Procurement by UNDP or UN Agency</i>	<i>⇒ Procurement by UNDP or UN Agency</i>	
	Moderate risk	Low to Moderate risk <i>⇒ Procurement by IP. (Individual cases of high value/high complexity can be handled by UNDP or UN Agency)</i>	Significant risk <i>⇒ Procurement by UNDP. (Individual cases of low value/low complexity can be handed over to IP).</i>	
	Low risk			
	Low risk	Moderate risk	Significant risk	High risk

→

IP's Procurement capacities

The matrix needs to be managed in a **dynamic** manner, meaning that when applicable through specific interventions and reinforcement of the IP capacity it is possible to move from one quadrant to another. For example if it is identified that IP procurement regulation does not contravene UNDP, but there is gap in IP capacity, UNDP may hire personnel to support the IP moving from a “significant risk” where UNDP manages procurement to an scenario where procurement is managed by the IP subject to certain assurance activities.

Scenario 1: Low to moderate risk

Characteristics: The national procurement system fully complies with the stated standard or exhibits less than full achievement, and the IP procurement organization and capacities fully meet the stated standard or needs some improvement in areas assessed.

In this scenario, as a priority, procurement should be handed over to the Implementing Partner. Based on the specific capacity gaps assessed, assurance activities need to be specified and agreed upon with the partner. In particular, high value/complex procurement⁶ could be singled out and managed by UNDP.

Scenario 2: Significant risk due to National Procurement System

Characteristics: The national procurement system exhibits less than full achievement and needs some improvement, and the IP procurement organization and capacities need substantive work/improvement for the system to meet the standard.

In this scenario, as a priority, procurement should be managed by UNDP or UN Agency. Procurement of low value/complexity could be handed over to the Implementing Partner.

Scenario 3: Significant risk due to limited procurement capacity

Characteristics: IP procurement organization and capacities fully or partially meet the stated standard, but substantial work is needed for the national procurement system to meet the stated standard.

In this scenario, whereas the capacities at the partner level may be commendable, international standards (including UN standards) are not generally met. Procurement should therefore be managed by UNDP or a UN Agency. An alternative is IP responsible for procurement using agree procurement rules, process and procedures. UNDP should consider engaging in a policy dialogue with the Government and other development partners on how to strengthen the national procurement system.

Scenario: High risk

Characteristics: National procurement system fails to meet the stated standard, IP's procurement organization and capacities do not meet the proposed standard.

In this scenario, **Procurement must be managed by UNDP or a UN Agency.** UNDP should consider engaging in a policy dialogue with the Government and other development partners on how to strengthen the national procurement system.

⁶ High value/complex procurement is elaborated below

In exceptional situations, when a Micro Assessment of an Implementing Partner cannot be conducted, UNDP will apply modalities and procedures applicable to a high-risk partner.

Once project procurement arrangements and assurance measures have been identified they need to be consolidated in the “NIM -Project Procurement Arrangements Report” (see Annex V – NIM Project – Procurement Arrangements Report) and presented to the LPAC.

4.2 Procurement Capacity Development

In “significant to high risk” and “high risk” areas, UNDP should consider engaging in a policy dialogue with the Government and other development partners on how to strengthen the national procurement system. An ongoing or potential procurement capacity project could be supported. Enhanced procurement capacity and more reliable procurement systems would in the medium or long-term establish a basis for further alignment.

4.3 Gradual use of Implementing Partners’ procurement systems

In “moderate risk” and even “significant risk” areas, a gradual alignment process should be followed. Based on the Procurement Plan, it could be decided to hand over procurement of low value/low complexity to the partner. The following table gives some orientation on how to interpret the term “low/high complexity”.

Criteria	Low complexity	High complexity
Category of procurement	Goods	Civil works, Services
Procurement method	Local or national competition	International competition
Procurement market	Competitive	Competition restricted
Degree of standardization	For example: stationary, office equipment, use of framework contracts	For example: IT-network, technical equipment, complex specifications required
Service/maintenance level	No service required	Service required (ex: installation, maintenance)
Quality control	Off-the shelf item	Quality control needed (ex: food aid)
Hazardous material	-	Ex: Pesticides, other chemicals
Origin	National production/distribution	Imports
Logistics	Project easily accessible	Difficult to transport goods to project
Reefer cargo	-	Drugs and other products requiring a cold chain

Table: Complexity of procurement transactions

4.4 Further arrangements

Further arrangements to be made refer to procurement planning, reporting on procurement activities, and assurance over accuracy of reporting:

Basis for procurement activities:

- The basis for any procurement activity, regardless of the procurement modality, are the activities to be carried out by an Implementing Partner, as described in AWP;
- Annual Procurement Plan are to be established by the Implementing Partners and can be made subject to approval by UNDP.
- The Annual Procurement Plan is to be established in compliance with the applying rules and procedures and will be updated by the Implementing Partner if deemed necessary.

Reporting on procurement activities:

- Implementing Partners who receive funds for procurement will use their Procurement Plans to quarterly report on the status of procurement activities (procurement method, prequalification, solicitation, evaluation of offers, award, contract, contract completion).

Assurance over accuracy of reporting:

- The coverage, type and frequency of assurance activities is guided by the level of risk associated with the Implementing Partner, as determined through the Micro Assessment. Implementing Partners assessed as “high risk” will, when compared to “low risk” partners, be subject to more frequent spot checks, more frequent and in-depth programmatic monitoring activities, and more frequent audits. Unfavourable findings of assurance activities may result in a reconsideration of the procurement modalities, procedures and assurance activities for that partner.

5. ASSURANCE ACTIVITIES

For each Implementing Partner the initial *scale* of assurance activities required by UNDP is guided by the risk rating and the magnitude of the funds received for procurement from UNDP. For each Implementing Partner the results of the assurance activities may lead to changes in the procurement modalities, and the type and frequency of future assurance activities.

The specific combination, frequency and scale of assurance activities for each Implementing Partner will be determined by the UNDP country representative and by any Agency-specific requirements. The strongest assurance activities will be directed to Implementing Partners with the weakest procurement practices.

When an Implementing Partner receives funds for procurement from more than one Agency, the Agencies should coordinate their assurance activities, share the results among the Agencies, and implement the assurance activities jointly when practical.

The assurance activities are:

- *Regular reporting*; including reporting of status of procurement activities identified in the procurement plan.
- *Periodic on-site reviews* of the Implementing Partner's procurement records. These may include spot checks by Agency staff and special procurement audits by audit firms, and they may be conducted and documented on a routine basis, or when warranted due to concerns about the functioning of a partner's internal controls for procurement.
- *Programmatic monitoring* of activities supported by procurement—following UNDP standards and guidance for site visits and field monitoring.
- *Higher frequency of audits*: In case it is considered that a project has a higher risk exposure than the NGO/NIM audit risk level assigned by the Office of Audit and Investigations (OAI) and therefore, the project requires to be audited on a more frequent basis (for example, an audit whenever the annual expenditure is equal or higher than \$100,000), the country office is required to bring this matter to the attention of OAI when submitting its annual NGO/NIM audit plan for review and approval by OAI and include this project in the audit plan as applicable.
- *Ex-ante/ Ex-post approval*; depending on the IP partner capacity and the selected procurement modality Ex-ante or Ex-post approval may be considered at different stages of the process (short-lists, solicitation documents, contract awards, etc.)
Especial attention requires the role of UNDP procurement review committees (CAP and ACP) which needs to be clearly defined.

6. IMPLICATIONS OF THE FRAMEWORK FOR USING IMPLEMENTING PARTNERS’ PROCUREMENT SYSTEM ON THE PROGRAMME PROCESS

Decisions about the modalities, procedures, and assurance activities for procurement are an integral part of the common country programming process.

Common Country Assessment (CCA) – section on financial accountability and procurement

The key findings of the Macro Procurement Assessment should be summarized in the CCA. Among them should be one that specifies areas where national procurement capacity is lacking. While working on UNDAF, the UNCT should collectively discuss the results of the CCA analysis and agree on what interventions they may undertake to address the identified gaps and name the Agency best positioned to do so.

Country Programme Action Plan (CPAP)

The CPAP sets out the expected key results and strategies of the country programme and programme management arrangements. For the management of procurement the following should be recorded in it:

- the available procurement modalities which the Agency and Government agree to utilize;
- that applicable procedures for procurement depend on procurement related risk ratings for each Implementing Partner;
- that a (micro) procurement capacity assessment will be undertaken for each Implementing Partner;
- the principles and scope of the assurance activities;
- that procurement modalities and procedures applied with a particular Implementing Partner may change subject to experience and the results of assurance activities,
- the commitments of both government partners and UNDP for sound and efficient procurement practices in line with applicable rules and procedures which meet internationally recognized standards, reporting, and assurance activities, including specialized procurement audits.

[Standard text for inclusion in the CPAPs is contained in Annex *(To be developed)*]

For those Implementing Partners not covered by a CPAP (e.g., NGOs), the appropriate clauses should be included in the respective agreements between the Agency and each Implementing Partner.

Micro HACT & Additional Reviews

After the selection of the Implementing Partner, the Assessment of the Procurement Capacities of the Implementing Partner (Micro Assessment) should be carried out, preferably at the same time as the Micro HACT Assessment.

Project Appraisal (PAC) and Approval

The PAC/Project Document sets out the expected key results of the project, its main activities, resources and procedures.

Under the responsibility of the Project Manager, the Macro and Micro Assessment findings are applied and specific arrangements are defined in the project suitable to the project procurement risk level.

For the management of procurement the following must be recorded in the “NIM Project – Procurement Arrangements Report”:

- the procurement modality which UNDP and the Government agree to utilize
- further arrangements
- the scope of assurance activities

[Standard text for inclusion in the Project Document is contained in Annex *(To be developed)*]

Annual Work Plan (AWP)

The AWP detail both the activities to be carried out by Implementing Partners, and the associated budgets. The AWP is the basis of disbursements and efforts should be undertaken to determine reasonable costing of the planned activities. If procurement is to be carried out by the Implementing Partners, the Annual Procurement Plan needs to be attached.

Annual Procurement Plan

The Annual Procurement Plan specifies the goods, services or works to be procured. It usually includes the following information: Description of the item, reference to activity/output, quantity/duration, estimated unit price, estimated total price, available budget, status information on different steps of procurement cycle, contract completion, responsible authorities, etc.

The Annual Procurement Plan is to be established in compliance with the applying rules and procedures and should be updated by the Implementing Partner if deemed necessary. The

Annual Procurement Plan should indicate among other elements, the procurement modalities to be applied.

Annual Review

Each AWP is subject to an annual review by the Implementing Partner and UNDP. In the case of joint programmes, the annual review is to be carried out jointly by participating Agencies. This is a good opportunity to also review the effectiveness of the applied procurement modalities and procedures, based on the findings of the assurance activities undertaken during the year.

7. ANNEXES

Annex I: *Guidelines for the Review of a Country's Public Procurement System (Macro Assessment)*

Purpose

As part of the Common Country Assessment process, UNDP will examine and interpret existing assessments of a country's Public Procurement system. This exercise serves two purposes:

- *Capacity development objective:* The review supports UNDP and the Government to identify strengths and weaknesses in the country's public procurement system and areas for capacity development by the Government and others.
- *Procurement management objective:* The review (in combination with the assessment of Implementing Partners) assists in the establishment of appropriate procurement modalities, procedures, and assurance activities to be applied by UNDP.

The assessment's scope is consistent with the "Methodology for Assessment of National Procurement Systems", which was developed by the Joint Venture for Procurement aimed at fulfilling the Paris Declaration on Aid Effectiveness and its commitments to strengthen national procurement systems, support capacity development and use country procurement systems.⁷

Overall Approach and Guiding Principles

Before procurement responsibilities are transferred to Implementing Partners, UNDP will review existing assessments of the national procurement system, and draw conclusions from these documents relevant to the management of procurement from UNDP - using the guidelines established in this annex. UNDP will request the Government to participate in the review.

Where no relevant assessments of the national procurement system exist, UNDP should advocate with the Government and other major development partners for such assessments to be undertaken.

In countries with decentralized public procurement systems, UNDP may undertake more than one assessment to address the administrative structures and locations that are relevant to the areas where they operate.

The review will normally be conducted during the preparation of the Common Country Assessment (CCA) and the findings should be summarized in the CCA document. If the use of country procurement systems is to be introduced by UNDP during an existing programme cycle,

⁷ The Methodology for Assessment of National Procurement Systems is based on indicators developed in the OECD-DAC/World Bank Round Table "Strengthening Procurement Capacities in Developing Countries". Following the conclusion of the Round Table initiative, under the coordination of the Working Party on Aid Effectiveness of the OECD-DAC, the Joint Venture for Procurement was created and has further advanced the development of the methodology for application of the baseline indicators and associated compliance and performance indicators.

the review should be conducted before the national procurement rules and procedures are applied.

While one review is required per programme cycle, UNDP may undertake additional reviews, if warranted by significant changes in the programme environment and/or availability of new assessments of the national procurement system.

If it is not possible to conduct a review, UNDP will document the reasons why it cannot be undertaken.

Conducting a Review of the Assessment of the National Procurement System

UNDP should inform government and relevant institutions of the purpose, process, and schedule for the procurement assessment review and seek the involvement of these parties in the exercise.

The review begins with the collection of existing assessments of the national procurement system. Preferably, the assessment should be based on the OECD-DAC “Methodology for the assessment of National Procurement systems”. If such an assessment is not available, as a substitute, diagnostic work of the World Bank (Country Procurement Assessment Reports, CPAR) or of other development partners (ADB, AusAID, DFID, etc.) may be available and should be reviewed.

Reviews may be undertaken by staff from UNDP or by a qualified procurement consultant. The consultant will be contracted by UNDP.

The OECD-DAC Methodology for the Assessment of National Procurement Systems in brief

The OECD-DAC Methodology for the Assessment of National Procurement Systems follows a two-step approach. Part I covers baseline indicators (BLI), that deal with the formal and functional features of the national procurement system. Part II covers compliance/performance indicators (CPIs), that deal with monitoring performance data to determine the level of compliance with the formal system. The two parts are designed to be applied jointly or separately depending on the intended purpose and scope of the assessment.

The Methodology provides four pillars:

Pillar I: Legislative and Regulatory Framework

Pillar II: Institutional Framework and Management Capacity

Pillar III: Procurement Operations and Market Practices

Pillar IV: Integrity and Transparency of the Public Procurement System

The pillars are organized around twelve indicators and 54 sub-indicators with defined scoring criteria. The scoring system usually ranges from 3 to 0 for each sub-indicator:

Score 3: indicates full achievement of the stated standard
Score 2: system exhibits less than full achievement and needs some improvements in areas being assessed
Score 1: areas where substantive work is needed for the system to meet the standard
Score 0: indicates failure to meet the proposed standard

Aggregation of Scores

For the most comprehensive understanding of the system's strengths and weaknesses, the sub-indicator view is the most informative. The scores assessed at the sub-indicator level can be aggregated at the indicator level or pillar level to obtain a compact profile of strengths and weaknesses of the national procurement system. The method of aggregation is a decision left open to the user.

Source

The complete "Methodology for the Assessment of National Procurement Systems" includes a User's Guide and can be downloaded: www.oecd.org/dac/effectiveness/procurement.

Table of Risk Areas

To illustrate the profile of strengths and weaknesses assessed in the Macro Assessment, the following table "*Table of Risk Areas*" should be compiled by UNDP and attached to the report. The table

- summarizes the results of the findings of the macro assessment at the indicator level
- assigns risk categories, and
- concludes with an overall risk rating (which will be needed when preparing the Project Document)

Table of Risk Areas based on the Methodology for the Assessment of National Procurement Systems Baseline Indicators (BLI)		Average scores Risk assessment ⁸				Comments
		Above 2.8	2.0 - 2.7	1.0 -1.9	Below 1.0	
		Low risk	Moderate risk	Significant risk	High risk	
Pillar I: Legislative and Regulatory Framework						
1	Public procurement legislative and regulatory framework achieves the agreed standards and complies with applicable obligations					
2	Existence of Implementing Regulation and Documentation					
Pillar II: Institutional Framework and Management Capacity						
3	The public procurement system is mainstreamed and well integrated into the public sector governance system					
4	The country has a functional normative/regulatory body					
5	Existence of institutional development capacity					
Pillar III: Procurement Operations and Market Practices						
6	The country's procurement operations and practices are efficient					
7	Functionality of the public procurement market					
8	Existence of contract administration and dispute resolution provisions					
Pillar IV: Integrity and Transparency of the Public Procurement System						
9	The country has effective control and audit systems					
10	Efficiency of appeals mechanism					
11	Degree of access to information					
12	The country has ethics and					

⁸ Simple average to be calculated:

At indicator level: Sum of the sub-indicator scores divided by the number of sub-indicators (for each indicator)

Overall risk rating: Sum of all 54 sub-indicator scores divided by the number of sub-indicators (54)

	anticorruption measures in place					
Overall risk level						

Presenting the findings (report)

The macro assessment findings should be presented in a report of approximately four pages (excluding annexes) that will detail:

- Objective of the review, statement of process, and list of participating institutions;
- Summary of findings—to address each of the twelve baseline indicators of the Assessment Methodology
- Any key risks the national procurement system poses to the efficient use of funds for procurement
- Assessment of Supreme Audit Institution’s capacity to undertake specialized procurement audits;
- Suggested opportunities for capacity development (if any)
- Bibliography of information sources used in the assessment;
- Annex - The completed Table of Risk Areas (see above)
- Annex-The complete Benchmarking Matrix for all 54 sub-indicators with status and trend, assessed score, etc. (optional)

Validation

The draft report should be shared and validated with government officials and the institutions that provided the materials used in the review, and a copy of the final report should be presented to the coordinating government ministry and relevant development partners.

A summary of the assessment should be incorporated into the CCA. If the timing of the assessment does not coincide with the preparation of the CCA, the summary of the assessment should be communicated through the annual UNDAF review.

Use of the Assessment

UNDP will use the assessment report as background information in the identification of suitable procurement modalities and the establishment of further procurement arrangements and assurance activities to be used with the Implementing Partners who will receive funds for procurement.

Annex II: Compatibility analysis of Implementing Partner with UNDP Procurement Regulation, Rules, Practices and Procedures

Applicability	In case a comprehensive Macro Assessment on procurement does not exist, UNDP will apply a simplified tool to ensure that existing public procurement legislation at least meets minimum procurement standards established in UNDP procurement Financial Rules and Regulations.
Objective	<p>Compliance with FRR 16.05</p> <p>Regulation 16.05:</p> <p>(a) The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP.</p> <p>(b) Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition that of UNDP shall apply.</p>

CONDITION	Y	N	COMMENTS
There is a procurement manual in writing covering principles of best value for money, fairness, integrity, transparency, and effective international competition			
Procurement rules and regulations promote a broad participation, not excluding groups or people			Examples of limitation of competition are: Mandatory requirement for international companies to be register in the country to participate in the bidding process. In first instance limit competition only to national companies, and only in case a contract is not been award open the process to international companies
There are the necessary controls, including for delegation of authority in writing			
There are established review committees on			

procurement to render written advice on procurement actions leading to award or amendment of contracts. Establish committees are professional and independent			
Procurement rules and regulations on announcements request broadly broadcasting of procurement opportunities in national media and Government WebPages for formal procurement methods			
Public bid opening is requested for formal procurement methods (Invitation to Bid and Request for Proposal), and Public Bid Opening Committees are established			
Procurement rules and regulation does not allowed the inclusion of unfair evaluation criteria like restriction to qualified national suppliers for formal procurement methods			
The award of a contract: - When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost			
The award of a contract: - When a formal request for proposal 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 documentation			
Procurement rules and regulations contemplate sufficient time for bidding			
Procurement rules and regulations contemplate fair and impartial mechanism for the revision of procurement protests			
Does it exist and independent body			

responsible for conducting procurement audits? Are audits conducted regularly?			
[...]			

Annex III: Guidelines for Assessing Implementing Partners' Procurement Capacities (Micro Assessment)

Purpose

Before procurement responsibilities are transferred to Implementing Partners, UNDP will conduct a Micro Assessment of the Implementing Partners' procurement capacities. This exercise serves two purposes:

- *Capacity development objective:* The review supports UNDP and the Government to identify strengths and weaknesses in the country's public procurement system and areas for capacity development by the Government and others.
- *Procurement management objective:* The assessment (in combination with the assessment of the national procurement system) assists in the establishment of appropriate procurement modalities, further arrangements, and assurance activities to be applied.

The assessment's scope is consistent with the Country Office Risk Assessment⁹. The methodology takes the core issues of the UNDP Capacity Assessment Practice Note into consideration¹⁰ and for scoring purposes, the OECD-DAC Methodology¹¹ is analogously applied.

Overall Approach and Guiding Principles

After the selection of the Implementing Partner, the Assessment of the Procurement Capacities of the Implementing Partner (Micro Assessment) should be carried out, preferably at the same time as the Micro HACT Assessment.

When assessing the Implementing Partner's procurement system, the guidelines established in this annex and the *Checklist for the Analysis of Implementing Partners' Procurement Capacities (Annex IV)* will be used. UNDP will request the Implementing Partner to participate in this assessment.

The findings must be summarized in the PAC document. If the use of Implementing Partners' procurement systems is to be introduced by UNDP during an existing programme cycle/project, the assessment must be conducted before the Implementing Partners' procurement systems are used.

⁹ Draft Paper Date 27/06/2008, B) Qualitative Analysis; developed by PSO/BOM for the assessment of UNDP country offices' procurement capacities

¹⁰ UNDP Capacity Assessment Practice Note, September 2008

¹¹ OECD-DAC "Methodology for Assessment of National Procurement Systems" (see Annex I)

While one assessment is required per programme cycle, UNDP may undertake additional assessments, if warranted by significant changes in the programme/project environment and/or availability of new assessments of the Implementing Partners' procurement system.

If it is not possible to conduct an assessment for a specific Implementing Partner, UNDP will document the reasons why it cannot be undertaken and will apply the procedures and assurance activities that are applicable to a "high risk" partner.

Conducting an Assessment of the Implementing Partner's Procurement Capacities

Together with the Implementing Partners, UNDP will conduct a procurement capacity assessment of each Implementing Partner (government or NGO, but not other Agencies) that receives or is expected to receive funds including procurement above an annual amount (usually US\$ 100,000) . For each Implementing Partner, the findings of the Micro Assessment, together with the findings of the Macro Assessment, inform the identification of appropriate procurement modalities and further arrangements for the provision of funds for procurement, and the scale of assurance activities.

If the Implementing Partner receives or is expected to receive funds including procurement below an annual amount (usually US\$ 100,000) , Micro Assessments *may* be conducted if so desired by UNDP to determine the most effective and efficient procedures. In this case, the assessments can be simplified and can be conducted by the Implementing Partner as self-assessments.¹²

UNDP may conduct the Micro Assessment itself, or hire a suitably qualified procurement consultant. When a consultant conducts the Micro Assessment, UNDP will discuss and adopt the assessment findings as appropriate.

UNDP should inform the Implementing Partner and relevant institutions of the purpose, process and schedule for the procurement assessment and seek involvement of these parties in the exercise.

The assessment should be based on interviews or group discussions with Implementing Partner's representatives and other stakeholders. A certain number of recent procurement cases should be reviewed. When adequate information (e.g., reviews of past experience with the Implementing Partner, recent assessments by other Agencies, NEX procurement audit reports) exists, it should be used to inform the assessment.

¹² Self-assessments to be reviewed by the Agencies

When a significant development partner has completed a thorough and reliable assessment, the results should be reviewed and adopted.

Each Micro Assessment concludes with a statement of the overall risk related to procurement, rated as low, moderate, significant or high. The overall risk rating for the management of procurement is rated “low” if the Implementing Partner’s system is considered capable of i) carrying out sound and efficient procurement in line with applicable procurement rules and procedures which meet internationally recognized standards; ii) correctly recording all transactions; iii) supporting the preparation of regular and reliable procurement status reports, and iv) is subject to acceptable auditing arrangements. If an assessment is not completed for a specific Implementing Partner, UNDP will apply the procedures and assurance activities that are applicable to a “high risk” partner.

Presenting the findings (Micro Assessment Report)

The procurement assessment report for each Implementing Partner should not exceed four pages, excluding annexes. It will include:

- an executive summary, with the overall conclusion and risk rating (high, significant, moderate, low) related to the Implementing Partner’s procurement management capacity;
- a description of the procurement management capacity in each of the subject areas of the checklists;
- a description of the most significant risks related to procurement ;
- recommendations to the Implementing Partner to address areas of risks;
- any other information considered useful for UNDP to determine the appropriate procurement modalities, further arrangements and assurance activities;
- Annex - the completed *Checklist for the Analysis of Implementing Partners’ Procurement Capacities (Annex III)*

The draft assessment report should be discussed with the Implementing Partner and the final report should be shared with the Implementing Partner.

Use of the Assessment

UNDP will use the findings of the micro assessment report, together with the findings of the macro assessment, to identify suitable procurement modalities, further arrangements and frequency and coverage of assurance activities to be used with the Implementing Partners who will receive funds for procurement.

The findings of the assessment must be summarized in the PAC document. The identified procurement modality, further arrangements and assurance activities must be included in the Project Document (PRODOC).

In exceptional situations, when a Micro Assessment of an Implementing Partner cannot be conducted, UNDP will apply procurement modalities and further arrangements applicable to a high-risk partner.

Checklist for the Analysis of Implementing Partners’ Procurement Capacities

The Checklist for the Analysis of Implementing Partners’ Procurement Capacities covers four core issues and the technical capacities required to ensure sound, efficient, and transparent procurement practices at the Implementing Partners’ level: Institutional Arrangements, Leadership, Knowledge, Accountability, and the Procurement Cycle.

Core Issues and Technical Capacities	
Institutional arrangements	Legal status
	Procurement organization and functions
	Staffing of the procurement unit
Leadership	Procurement Strategy
	Management function
Knowledge	Procurement principles and rules and procedures
	Availability of tools and guidelines
	Training
Accountability	Delegation of power
	Documentation and filing
	Handling of complaints
	Transparency and Integrity
	Controls system
Procurement Cycle	General principles
	Procurement Planning
	Sourcing
	Solicitation documents
	Communication between bidders and the IP
	Offers receipt and opening
	Evaluation of offers
	Contract award

	Contract administration
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Along this structure, the Checklist provides an indicative list of questions to be considered in the assessment of the capacity of the Implementing Partner's procurement system. Questions may be added, deleted or modified as appropriate, and attention to individual control areas may vary based on the findings of the macro-assessment (see: *Guidelines for the Review of a Country's Public Procurement System* - Annex I).

Annex IV
Checklist for the Analysis of Implementing Partners Procurement Capacity
(Micro Assessment)

Implementing Partner: _____

Date: _____

Overall Risk Assessment ¹³	<i>H</i>	<i>S</i>	<i>M</i>	<i>L</i>	
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Risk Levels: H – High S – Significant M – Moderate L –Low

Core Issues and Technical Capacities	Assessment objective	Elements to verify/assess	Assessment results	
			Major capacity gaps and associated risks	Score ¹⁴
Institutional arrangements				
Legal status	Verify the legal status of the IP	What is the legal corporate status of the IP (Government department, state corporation, parastatal enterprise, NGO)?		
		Does the IP have the mandate to enter legal obligations?		

¹³ To assign the overall risk level, based on the completed checklist, calculate the simple average of the scores assessed for institutional arrangements, leadership, knowledge, accountability, and procurement cycle and divide the sum by 5 (number of core issues and technical capacities). Analog to the Macro Assessment, the average scores translate into risk categories as follows:

Average score below 1.0: High risk; Average score 1.0 – 1.9: Significant risk; Average score 2.0 – 2.7: Moderate risk; Average score above 2.8: Low risk.

¹⁴ Use the scoring criteria presented at the bottom of this checklist

		Do the national laws and regulations (in particular Procurement Law) apply to this IP? If not, which procurement regulations do apply? Please describe.	
Procurement organization and functions	Clarify procurement organisation and verify existence and mandate of the responsible procurement unit	Does a procurement unit exist?	
		Who is responsible for the following functions? Please describe. <ul style="list-style-type: none"> - Procurement Planning - Preparation of bidding documents - Management of bidding process - Bid Opening - Bid evaluation - Contract award - Contract preparation and signature - Contract management - Transport & insurance - Customs clearance 	
		Is the structure of the procurement unit (if any) clear with defined reporting lines, that foster efficiency and accountability	
		Are committees established for <ul style="list-style-type: none"> - Technical Specifications - Bid Evaluations - Contract award (approval procedures)? 	
		Is contracting power reasonable delegated?	
		Do the assigned roles and responsibilities ensure the appropriate segregation of tasks?	
		Are procedures well documented in manuals,	

		guidelines, instructions?	
		Is appropriate information on procurement adequately disseminated (rules, thresholds, responsibilities)?	
		Are procurement agents used?	
Staffing of the procurement unit	Verify that the procurement unit has sufficient staff with necessary procurement expertise	Does sufficient procurement staff exist to handle (additional?) procurement funded by UN Agency?	
		Do job descriptions exist and are assigned duties in line with the job descriptions?	
		Do staff skills generally match required qualifications?	
		How long has current procurement staff been in the present position (including management level)?	
		Is it easy to recruit and retain qualified procurement staff? Do existing incentive structures underpin sound procurement?	
Leadership			
Procurement Strategy	Verify that a procurement strategy, and appropriate tools and mechanisms exist	Does a procurement strategy exist and is it known and shared by staff and management?	
		Do tools and mechanisms exist to categorize and prioritize high risk/ high exposure procurement activities	
Management Function	Verify that procurement is seen as a management function	Is procurement seen as a management function or seen as a clerical, administrative function?	
		Does management have a general knowledge and understanding of the main principles of procurement?	

		Does management oversight go beyond the mandatory approval role?	
		Do tools exist to monitor the procurement process?	
		Does management detect and follow-up on irregularities?	
Knowledge			
Procurement principles and rules and procedures	Verify that staff and management know existing rules and regulations	Is staff knowledgeable of procurement principles and the applying rules and regulations?	
		Does staff know existing thresholds for procurement methods?	
		Does staff have experience in conducting international procurement?	
Availability of tools and guidelines	Verify that tools and guidelines are available and used	Does staff have access to appropriate tools and guidelines (procurement law, regulations, standard bidding documents, templates, internet access)	
		Is specialized procurement knowledge accessible?	
Training	Verify that staff are sufficiently trained	Does training for staff involved in procurement exist (procurement officer, technical functions, committees, management)?	
		Has previous training achieve sustainable results?	
Accountability			
Delegation of power	Verify that appropriate delegation of power exists	Delegation is in writing and in line with existing competences and capacities. Delegation is clear and does not establish unnecessary approval levels or procedures	
Documentation and Filing	Verify that complete procurement	Does complete documentation of the procurement process exist? (Including for example: announcements, pre-qualification (if applicable),	

	records exist	bidding documents, any applicable minutes (conference, on site visit), clarifications, opening records, evaluation records, bids, any complains if applicable, contract, any amendments, completion certificates, status of payment, others)	
		Do individual case files exist?	
Handling of complaints	Verify that established procedures for handling complains are implemented	Does staff involved in procurement have a sound understanding of the established complaints procedures?	
		Are all complaints handled in a timely manner, are they properly documented, and are decisions published and enforced?	
		How many complaints have been submitted and have been resolved?	
Transparency and Integrity	Verify that measures exist to ensure transparency and integrity	Does a definition of conflict of interest exist and is it enforced?	
		Does a code of ethics exist and does staff involved in procurement sign it?	
		Have there been any cases of fraud or corruption and how, if any, have they been resolved?	
		Have any suppliers been debarred?	
Controls Systems	Verify that internal and external control systems exist	Does an internal audit unit exist?	
		Have specialized procurement audits been conducted?	
		Do auditors have sufficient procurement expertise to conduct procurement performance audits?	
		Are audit recommendations implemented?	
		Are final payments and contract final closure efficiently handled?	

Procurement Cycle				
General principles	Verify that the procurement cycle is managed in an efficient and transparent manner ensuring best value for money; fairness, integrity and transparency; and effective competition.	Analysis needs to be done for goods, works (if applicable) and services (including contracts with consulting companies and individual experts).		
Procurement Planning		Are procurement plans developed on time and regularly updated?		
		Is procurement well integrated in project management?		
		Are procurement plans sufficiently detailed in order to develop a realistic procurement action plan, with realistic lead times, and accurate costing?		
		Do they include an analysis if external expertise is needed to effectively manage the procurement process?		
		Do planning methods reflect level of complexity and logistic limitations?		
		Are requirements of complex Supply Chain Management project taken into account?		
		Are estimated lead times realistic? Are they normally met?		
		Sourcing	Are market analyses conducted for high complex/ high expenditure categories?	
			Are thresholds for advertising enforced? Are advertisements widely published? Is international competition encouraged?	
			Does a local database exist? How is it managed?	
			Is the pre-qualification procedure used in relevant cases?	
		Are pre-qualification documents clear and complete, do they obtain evaluation criteria?		

Solicitation documents	What is the overall quality of the solicitation documents?	
	Are standard documents used and properly adapted to the procurement activity and to project requirements?	
	What is the quality of the specifications/ terms of reference? Are they neutral?	
	Are solicitation documents complete, is all relevant information included to submit an offer, are evaluation criteria included?	
	Do they include templates for the submitting offers? Do they allow for the receipt of comparable offers?	
	Are bid securities and performance securities properly applied?	
Communication between bidders and the IP	Do bidding documents include information on debriefing conferences or on site visits, when applicable? Are these meetings properly managed and documented?	
	Are bidders' requests for clarification replied to quickly, providing complete information in writing?	
	Do all bidders receive equal and timely information?	
	Are records kept on all communications with bidders?	
	Are offers kept safe and locked before and after the submission deadline?	
Offers receipt and opening	Are tender boxes easily and safely accessible?	
	Does a permanent bid opening committee exist? Who are the members?	
	Are bid openings public, when applicable?	
	What is the normal time span between submission deadline and bid opening?	
	What information is read aloud during the bid	

		opening ceremony? Are minutes of the bid opening produced?	
Evaluation of offers		Are evaluation committees established? Who are the members?	
		Does the evaluation committee have sufficient technical expertise in case of complicated/ highly technical evaluations?	
		Is the evaluation process done in a systematic manner? Are evaluation criteria specified in the bidding documents and correctly applied in the evaluation process?	
		Is the evaluation and contract award conducted within the validity deadline?	
		Does an evaluation report exist? (including reasons for disqualification and non-responsiveness of offers)	
	Contract Award		Are contracts awarded based on lowest evaluated offer or cumulative score (if applicable)?
		When and how are negotiations conducted?	
		Are thresholds for contract award respected?	
		Do minutes exist if approval is required by a committee?	
		Which system exists for contract administration?	
Contract Administration		Who is responsible for contract administration	
		<ul style="list-style-type: none"> - monitoring of deadlines as stipulated in contract - quality tests - acceptance of goods, works, services and completion certificates - invoice checking - payments - warranty, claims - performance securities 	

		- dispute resolution	
		Are the roles clearly defined? Is contract administration properly recorded?	
		Are payments made on time? What is the average lead time between invoice receipt and payment release?	
		How are contract amendments managed?	
		Are contracts generally executed in time and within the agreed price level?	

Scoring Criteria

The scoring system ranges from 3 to 0 for each core issue/technical capacities, 3 being the highest score.

Analog to the *OECD-DAC Methodology for the Assessment of National Procurement Systems*,

- Score 3: indicates full achievement of the stated standard
- Score 2: system exhibits less than full achievement and needs some improvements in areas being assessed
- Score 1: areas where substantive work is needed for the system to meet the standard
- Score 0: indicates failure to meet the proposed standard

1. Institutional Arrangements

The legal status provides the mandate to enter legal obligations; applying procurement rules and regulations are specified; a very well defined procurement organization exists; staff involved in procurement has the required procurement expertise	3
The legal status provides the mandate to enter legal obligations; applying procurement rules and regulations are specified; a well defined procurement organization exists; staff involved in procurement generally has the required procurement expertise; or external expertise is accessed when needed	2
The legal status provides the mandate to enter legal obligations; applying procurement rules and regulations are specified; the procurement organization is weak or staff involved in procurement lacks the required procurement expertise	1
The legal status does not provides the mandate to enter legal obligations; or applying procurement rules and regulations are not specified; or the procurement organization is very weak; or staff involved in procurement lacks the required procurement expertise	0

2. Leadership

There is a procurement strategy and it is known and shared by management and staff; management has a very good knowledge and understanding of procurement; and excellent management tools exist	3
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There is a procurement strategy; management has a general knowledge and good understanding of procurement; and appropriate management tools exist	2
There is no procurement strategy; management has limited knowledge and understanding of procurement; management tools are insufficient	1
There is no procurement strategy; management lacks knowledge and understanding of procurement; appropriate management tools do not exist	0

3. Knowledge

Staff and management are very knowledgeable of procurement principles, rules and procedures; tools and guidelines are very satisfactory and consistently used; training is offered and leads to sustainable results.	3
Staff and management are knowledgeable of procurement principles, rules and procedures; tools and guidelines are satisfactory and consistently used; training is offered and generally leads to sustainable results.	2
Staff and management are fairly knowledgeable of procurement principles, rules and procedures; tools and guidelines are basic but generally used; training is hardly offered or does not lead to sustainable results	1
Staff and management are not knowledgeable of procurement principles, rules and procedures; tools and guidelines are very basic or inconsistently used; training is hardly offered or does not lead to sustainable results.	0

4. Accountability

There is a clear and appropriate delegation of power; procurement cases are consistently very well documented and filed; complaints are consistently handled in a fair, transparent, efficient and timely manner; integrity and control systems are very well defined.	3
There is a clear and appropriate delegation of power; procurement cases are consistently well documented and filed; complaints are generally handled in a fair, transparent, efficient and timely manner; integrity and control systems are well defined.	2
There is no clear or inappropriate delegation of power; procurement cases are often not well documented and filed; there are deficiencies in handling complaints in a fair, transparent, efficient and timely manner; integrity and control systems are weak	1
There is no clear or inappropriate delegation of power; procurement cases are not consistently documented and filed; complaints are not allowed or not handled in a fair, transparent, efficient and timely manner; integrity and control systems are very weak.	0

5. Procurement Cycle

<p>The procurement cycle is managed very satisfactorily in an efficient and transparent manner ensuring best value for money, fairness, integrity and transparency, and effective competition. Critical steps of the procurement cycle such as needs identification, procurement planning and sourcing are systematically done in a thorough manner and by competent staff. Evaluation criteria are clear and applied consistently. Contract administration is an integral part of the procurement process and performance is evaluated.</p>	<p>3</p>
<p>The procurement cycle is managed satisfactorily in an efficient and transparent manner ensuring best value for money, fairness, integrity and transparency, and effective competition. Critical steps of the procurement cycle such as needs identification, procurement planning and sourcing are usually done in a thorough manner and by competent staff. Evaluation criteria are clear and applied consistently. Contract administration is an integral part of the procurement process and performance is evaluated.</p>	<p>2</p>
<p>The procurement cycle is to some extent managed satisfactorily. There are no major deficiencies in terms of transparency, and compliance with rules and regulations. However critical steps of the procurement cycle such as needs identification, procurement planning and sourcing are done in a mechanical manner and by staff with insufficient competence, especially for high risk and/ or high volume contracts. Contract administration is no integral part of the procurement process.</p>	<p>1</p>
<p>The procurement cycle is managed poorly. There are major deficiencies in terms of transparency and compliance with rules and regulations. Critical steps of the procurement cycle such as needs identification, procurement planning and sourcing are done in a mechanical manner and by staff with insufficient competence, especially for high risk and/ or high volume contracts. Contract administration is no integral part of the procurement process.</p>	<p>0</p>

Annex V - NIM PROJECT – PROCUREMENT ARRANGEMENTS REPORT

• Project Title;	
• Project Ref;	

<ul style="list-style-type: none"> • Macro Assessment Ref; <p><i>(In case not available reference of Compatibility analysis of Implementing Partner with UNDP Procurement Regulation, Rules, Practices and Procedure will apply)</i></p>	
<ul style="list-style-type: none"> • Micro Assessment Ref; 	

I. NIM PROCUREMENT MODALITY & ESPECIAL ARRANGEMENTS

SELECTED PROCUREMENT MODALITY	
<p>ESPECIAL ARRANGEMENTS</p> <p>Attached should be provided the procurement plan, or if this doesn't exist at this point, the project budget with all categories.</p> <p>It needs to be clearly defined who is responsible for the procurement of which categories, and information of any other especial arrangements.</p>	<p><u>Description;</u></p>

II. ASSURANCE ARRANGEMENTS

Assurance Activity	Frequency	Responsible	Comments

Project Manager: _____

Date: _____