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Independent Thematic Review
UNIDO Procurement Process



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO OFFICE FOR INDEPENDENT EVALUATION

Independent Thematic Review
UNIDO Procurement Process



UNITED NATIONS
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The insights and reflections shared with us contributed to our understanding of the subject and were most useful in drawing conclusions and looking ahead.

Ms. Silvia Alamo, senior evaluation expert

Mr. Nestor Cravero, international procurement expert

Mr. Garry Enwerem-Bromson, international consultant, evaluation team leader

Acronyms and abbreviations

AGR	Agri-Business
BIT	Business, Investment and Technology Services
BVFM	Best value for money
ECC	Energy and Climate Change
EMB	Environmental Management Branch
ET	Evaluation Team
EU	European Union
FO	Field Office
GEF	Global Environment Facility
ICT	Information and Communication Technology
ILO	International Labour Organization
IP	Integrated Programme
JICA	Japan International Cooperation Agency
LCTA	Least Cost Technically Acceptable
LTA	Long Term Agreement
MP	Montreal Protocol
ODG/EVA	UNIDO Office for Independent Evaluation
ODG/IOS	Office of Internal Oversight Services
PIF	Project Identification Form (GEF)
PO	Purchase Order
PSC	Programme Steering Committee
SRM	Supplier Relationship Management
TC	Technical Cooperation
TCB	Trade Capacity Building
ToR	Terms of Reference
UNGM	United Nations Global Marketplace
UR	UNIDO Representative
USAID	United States Agency for International Development
WB	World Bank

Glossary of evaluation terms

Term	Definition
Baseline	The situation, prior to an intervention, against which progress can be assessed.
Effect	Intended or unintended change due directly or indirectly to an intervention.
Effectiveness	The extent to which the objectives of a development intervention were or are expected to be achieved.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
Impact	Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.
Indicator	Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.
Intervention	An external action to assist a national effort to achieve specific development goals.
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances.
Logframe (logical framework approach)	Management tool used to guide the planning, implementation and evaluation of an intervention. System based on MBO (management by objectives) also called RBM (results based management) principles.
Outcome	The achieved or likely effects of an intervention's outputs.
Outputs	The products in terms of physical and human capacities that result from an intervention.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donor's policies.
Risks	Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Sustainability	The continuation of benefits from an intervention, after the development assistance has been completed
Target groups	The specific individuals or organizations for whose benefit an intervention is undertaken.

Executive summary

Introduction

This independent thematic review of UNIDO procurement process/services was approved by the Executive Board and included in the UNIDO Office for Independent Evaluation (ODG/EVA) Work Programme 2015.

This review focused on assessing the efficiency and effectiveness of the procurement process, as being a key aspect of the technical cooperation (TC) delivery, and on identifying lessons learned and areas of strength as well as areas which needed improvement. It aimed to examine:

- a) The extent to which procurement was implemented in accordance with its policies and principles;
- b) How effectively UNIDO's procurement has helped achieve the overall goals of its technical cooperation activities; and
- c) The extent to which goods and services delivery was timely and efficient.

The thematic review was conducted between May and November 2015 by an independent team of consultants: Mr. Garry Enwerem-Bromson, international consultant, evaluation team leader; Mr. Nestor Cravero, international procurement expert; and Ms. Silvia Alamo, senior evaluation expert.

A comprehensive evaluation framework was developed as part of the inception report, indicating for each question the data sources and data collection and analysis methods. The main sources of information were documents, such as the procurement policy, strategy and relevant documents from UNIDO and other organizations, and interviews.

The main data analysis methods used were quantitative and qualitative, in particular the analysis of SAP data made available by PSM/OSS/PRS, survey results and content analysis of reference documents and interview notes. Comparative analysis was attempted with respect to other multilateral organizations. One field case visit to a member state was also conducted that provided additional inputs to the review.

The evaluation team had to rely on the above sources of information and did not have the capacity to collect primary data from Member States and recipients on perceived effectiveness. This review was based on process aggregated data and data at specific procurement activity level was not taken into account.

UNIDO procures goods and services to support the implementation of its Technical Cooperation Programmes (TC Procurement), which is a key determinant to the success of TC delivery, and the focus of this thematic review.

Procurement is administered by the Procurement Services Unit, Operational Support Services Branch, Programme Support and General Management Division (PSM/OSS/PRS).

In July 2013, a new “UNIDO Procurement Manual” was introduced, providing principles, guidance and procedures to attain specified standards in the procurement process. Also, in 2013, a new SAP platform for managing the resources of UNIDO, including procurement was implemented.

Key evaluation findings

Overall, the procurement process appeared to operate satisfactorily, despite some limitations, constraints and caveats, which are outlined in the report.

Regarding the **principles, authorities and procedures** in the Procurement Manual there were three issues. First, in the case of decentralized procurement, there was a weakness in the segregation of duties, posing risks for the four eyes principle. Also, a significant number of project managers and allotment holders felt that procurement training was insufficient and indicated that they had difficulties handling queries from ODG/IOS. In addition, the monitoring and control of decentralized procurement was deemed insufficient. Second, the Procurement Manual provided for Best Value for Money (BVM) throughout the procurement process, which in practice was rarely applied. Also, life cycle costs were not consistently included in procurement decisions. There seemed to be a lack of guidelines on how to use BVM or Least Cost Technically Acceptable (LCTA) principles. Third, The Procurement Manual provided for Exceptions to Competition (Waiver). The Manual made it clear that a “Waiver of competition is an exception...and...a serious departure from a regular procurement process”. The high number of waivers in centralized procurement procedures, in particular in GEF, MP and other donor funded projects, suggested conflict between UNIDO and Donor rules.

Regarding **effectiveness**, the goods and services procured by UNIDO appeared to be of adequate quality and fit-for-purpose, meeting project objectives and the requirements of project counterparts, despite the lack of a systematic feedback mechanism. However, knowledge management and continual improvement of the procurement process was hampered by insufficient process quality assurance mechanisms for both technical and commercial aspects, as well as lacking standard documentation

Regarding **efficiency**, by and large, the timeliness of procurement appeared to be quite satisfactory. However, procurement timeliness was not a managed parameter and it was not systematically measured, nor analyzed, nor acted upon. Procurement statistics, e.g. procurement timelines for steps in the process, and reports can be extracted from SAP, but they are neither systematically utilized by management to monitor, control and improve the procurement process. In

addition, procurement plans negotiated between technical branches and procurement appeared to be rarely produced, beyond those included in project documents. Finally, PSM/OSS/PRS appeared to be understaffed and the decentralized procurement work load added to the already high work load of project staff. PSM/OSS/PRS made little use of Long Term Agreements (LTAs), which otherwise would contribute to alleviating high workloads. Consistent utilization SAP appeared to have contributed to procurement timeliness, and, with some caveats, SAP was appreciated as a facilitating tool for procurement.

Key recommendations

Policy

- In order to address the weakness in the segregation of duties in decentralized procurement, posing risks to the four eyes principle, UNIDO should strengthen the checks and balances, along with greater monitoring and control of decentralized procurement processes, as well as the training in procurement for project managers and allotment holders.
- In accordance with the principles in the Procurement Manual and with widely applied practice adopted by UN organizations, UNIDO should develop guidance on how to apply Best Value For Money (BVM) principles, for instance on how to include qualitative factors or life-cycle costs considerations in ToR and subsequently in bid evaluations.

Waivers

- UNIDO should consider revisiting the waiver procedures in the Procurement Manual and associated processes to limit management by exception, in particular in donor funded projects.

Quality assurance and process management

- UNIDO should enhance the quality assurance and continual improvement aspects of the procurement process. The following approaches could be considered:
 - i. Introducing substantive quality review mechanisms of ToR and technical documents;
 - ii. Conducting process supervision and monitoring through the use of KPIs;
 - iii. Adopting knowledge management practices to ensure the quality of technical and commercial documentation.
- There is a growing need for utilizing SAP as a management tool, e.g. “measuring” process KPIs and performance reporting, thus training on process queries and reporting should be enhanced.

Timeliness of procurement services

- UNIDO should consider creative approaches to alleviate the shortage of staff in PSM/OSS/PRS, as well as the high work load of project staff resulting from the high levels of decentralized procurement.

Suppliers

- In the interest of greater competitiveness, efforts should be made to reduce the current concentration of procured goods and services around a small number of supplier countries.

Lessons learned

William Edwards Deming¹ is often incorrectly quoted as saying, "You can't manage what you can't measure." Deming in fact stated that one of the seven deadly diseases of management is running a company on visible figures alone.

Jedediah Buxton, a London mathematician, who in mid-18th century was taken to see Shakespeare's Richard III at the Drury Lane theatre. When asked whether he had enjoyed the play, his reply was that it contained 12,445 words.

When drafting this report, to some extent, the evaluation team felt quite unlike Jedediah Buxton.

The assessment of the procurement process by the evaluation team was not as quantitative as Buxton's, which is alright, as such an assessment would not provide for learning.

The evaluation team, however, would like to stress one lesson: that a wealth of data is available in SAP to allow measuring all important aspects of the procurement process, but that alone is not enough. The measures need to be applied and utilized to manage the process effectively, i.e. knowing how one is performing, setting improvement targets and measuring and monitoring progress towards the targets.

Otherwise:

"The Advantage of Not Planning is that Failure Comes as a Complete Surprise"

¹ American engineer, statistician, professor, author, lecturer, and management consultant (October 14, 1900 – December 20, 1993).

1. Introduction

1.1 Evaluation purpose and objectives

This independent thematic review of UNIDO procurement process/services was approved by the Executive Board and included in the UNIDO Office for Independent Evaluation (ODG/EVA) Work Programme 2015.

The review assessed the procurement process being a key aspect of the technical cooperation (TC) delivery. As outlined in the Terms of Reference, this review aimed at diagnosing:

- a) The extent to which the procurement process was implemented as per the applicable policies and principles;
- b) Whether the process was monitored and controlled following best quality management practices, so as to ensure compliance and continual process improvement;
- c) Areas of strength, areas which needed improvement as well as lessons learned for continual process improvement.

The thematic review was conducted between May and October 2015 by an independent team of consultants: Mr. Garry Enwerem-Bromson, international consultant, evaluation team leader; Mr. Nestor Cravero, international procurement expert; and Ms. Silvia Alamo, senior evaluation expert.

For the purpose of this review, the evaluation team understood the procurement process to commence in the elaboration of the “shopping cart”, encompassing up to the delivery of goods to the users. In addition, “procurement” is understood as being “owned” by all organizational units holding a stakes, not just by the Procurement Services (PSM/OSS/PRS).

In 2014/2015, most evaluations included an additional specific assessment framework for the review of procurement related issues, which have been taken into consideration in this thematic review.

1.2 Evaluation criteria and key evaluation questions

Key evaluation questions were as follows:

- Is UNIDO procurement effective and efficient [is UNIDO buying the right goods and services at the right price?] e.g.:

- Does it contribute to the overall goals of UNIDO Technical Cooperation activities?
- Is it compliant with appropriate procurement policies?
- Are the staff and other resources appropriate?
- Is the process adequately monitored?

The thematic review used four evaluation criteria: relevance, effectiveness, sustainability and efficiency.

- (a) Relevance was assessed in relation to the extent to which the process was implemented in compliance with the policy framework and in accordance to best international practice.
- (b) Effectiveness and sustainability were assessed vis-à-vis the extent to which:
 - i. The Procurement process contributes to achieving the overall goals of UNIDO and project goals by supporting Technical Cooperation activities through the provision of goods and services;
 - ii. Goods and services were fit-for-purpose and appreciated by customers and contributed to the attainment of project goals; and
 - iii. Consideration was given to the aspects of reliability, maintainability and life cycle of the goods procured.
- (c) Efficiency was assessed considering the extent to which:
 - i. The use of resources was appropriate;
 - ii. Management of the process was efficient;
 - iii. Technical and procurement processes lent themselves to continual improvement; and
 - iv. Procurement plans were conducive to meeting project plans.

The key evaluation questions were broken down into sub-questions included in Annex B: Evaluation Framework and in Annex D: Survey Questionnaire.

2. Methodology

2.1 Evaluation period and team

The review was conducted between May and November 2015. It was managed by the Office for Independent Evaluation of UNIDO and conducted by a team comprising Mr. Garry Enwerem-Bromson, international consultant, evaluation team leader; Mr. Nestor Cravero, international procurement expert; and Ms. Silvia Alamo, senior evaluation expert.

The Work Plan of the evaluation is provided in Annex A: Terms of Reference.

2.2 Data collection and analysis process

The analytical framework of the evaluation was driven by the key evaluation criteria and questions presented above. Additional sub-questions were developed to guide data collection and analyses. A comprehensive evaluation framework was constructed as part of the inception report, indicating for each question the data source(s) and data collection and analysis methods (see Annex B: Evaluation Framework).

The main sources of information were documents, raw data from SAP, survey and interviews. The main documents were UNIDO policy and project evaluation documents and documents of other multilateral organizations (see Annex E: Reference Documents and Web-links). A total of 24 Headquarters management and project staff were interviewed (see Annex C: List of Persons Interviewed).

The main data analysis methods used were quantitative, such as analysis of survey results and SAP raw data; and qualitative such as content analysis of interview notes and reference documents.

About 50% out of the 297 surveyed UNIDO staff members from Headquarters and field offices responded. The survey questionnaire is included in Annex D: Survey Questionnaire.

Comparative analysis of UNIDO data vis-à-vis other multilateral organizations was also carried out.

2.3 Limitations of the evaluation and validity of the findings

Except for one field visit to Pakistan, to get acquainted with a field case experience for the procurement process, the review was mainly based on the data made available from SAP by PRS and collected through survey and

interviews involving UNIDO staff. The evaluation team did not have the capacity to collect primary data on the perception of recipients, regarding the effectiveness of the service or fitness for purpose of the goods procured.

The evaluation team triangulated data also taking into consideration findings and recommendations on procurement in evaluation reports published since 2013.

Preliminary findings and conclusions were presented to UNIDO stakeholders in August 2015 allowing for the provision of relevant, additional information, before completing the evaluation report. The draft evaluation report was circulated to managers and interviewees for factual validation and comments.

3. Procurement overview 2013-2015

UNIDO procures goods and services for the implementation of its Technical Cooperation Programmes (TC Procurement), encompassing a variety of technically complex products and services required for implementing UNIDO's integrated technical assistance programmes and stand-alone projects.

Procurement at UNIDO is also meant to ensure maintenance and functioning of the Vienna International Centre, including UNIDO Headquarters (Non-TC Procurement).

Procurement is administered by the Procurement Services Unit, Operational Support Services Branch, Programme Support and General Management Division (PSM/OSS/PRS), which among others is responsible for reviewing draft procurement requirements for completeness and accuracy, solicitation of offers, awarding and management of contracts and purchase orders in close cooperation with UNIDO substantive branches. UNIDO Representatives in the field are authorized to procure goods and services locally for the requirements of the field offices, provided they have received delegated procurement authority from the MD/PSM.

In July 2013, a new "UNIDO Procurement Manual" was introduced, providing principles, guidance and procedures to attain specified standards in the procurement process.

Also, in 2013, a new SAP platform for managing the resources of UNIDO, including procurement was implemented.

3.1. Policy framework

UNIDO's procurement policies, procedures and practices are governed by the Financial Regulations and Rules of UNIDO (UNIDO/DG/B.74/Rev.2) dated 18 August 2006 (Rules 109.5.1 – 109.5.9).

UNIDO's Procurement Manual published in 2013 is the main policy framework for the process.

3.2. Procurement process structure

Figure 1 and Table 1 present an overview of UNIDO's approach to procurement. Two categories of procurement are used, centralized and decentralized. Centralized Procurement is carried out by PSM/OSS/PRS staff.

The decentralized procurement procedure allows project managers/allotment holders with delegated procurement authority at HQ and field offices to manage medium value procurement requirements whose intended commitment(s) per single requirement or series of inter-related requirements does not exceed

€40,000 per contractor, project/purpose, project manager/allotment holder and within any calendar year of the initial date of award.

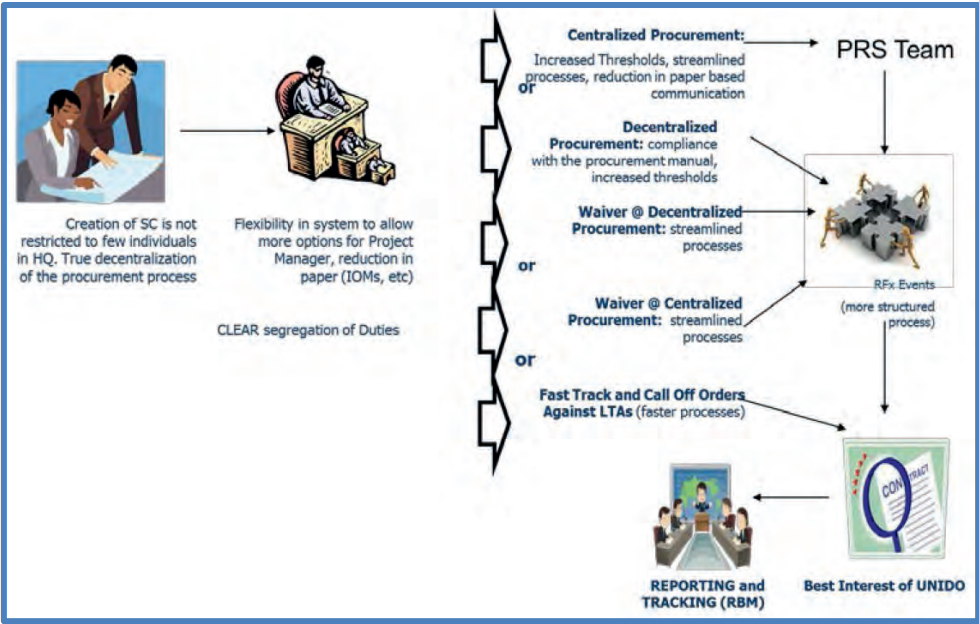


Figure 1. Overview of UNIDO procurement approaches²

In centralized procurement, the responsibilities of substantive offices include the initiation of procurement requisitions, developing technical specifications, ToR, scope of works, ensuring availability of funds, technical evaluation of offers; award recommendation; receipt of goods/services; and supplier performance evaluation. Procurement Services Unit is inter alia responsible for reviewing technical documentation, conducting market research/surveys, sourcing/solicitation, commercial evaluation of offers, contract award and contract management.

Table 1. UNIDO procurement procedures³

Procurement Procedure		Authorized Official(s)	Limit of Financial Commitment
Centralized Procurement	Centralized procurement of goods / services / works. Setting up Long Term Agreements (LTAs) / Contracts. Call off from LTAs.	Staff in Procurement Services only.	All UNIDO funds. Grade specific (in accordance with IOM by MD/PSM). The current limits of financial commitment for each member of Procurement Services is provided in the link to the intranet version of the Procurement Manual.

² Source: Presentation by PSM/OSS/PRS “New Provisions on PM 2013”

³ Source: Procurement Manual, section 3.2.

Procurement Procedure		Authorized Official(s)	Limit of Financial Commitment
Decentralized Procurement	Fast Track procurement. Call off from LTAs. Decentralized procurement	All Project Managers/Allotment Holders at HQ or at field offices (e.g. URs) with delegated procurement authorization.	Except for call offs from LTAs, up to €40,000 per contractor, per single requirement or series of inter-related requirements, per Project Manager / Allotment Holder within any calendar year.

The UNIDO Procurement manual also provides for Long Term Agreements (LTAs)⁴, with one or several contractors for the supply of specific goods, works and services, which can be repetitively ordered at a pre-agreed rates and terms. These contracts are typically used for goods and services that are regularly required ‘year after year’, with the aim of minimizing delivery lead times, obtaining competitive prices and rates for the goods and services, with terms and conditions which are in the best interest of UNIDO.

3.3. Procurement profile

According to SAP excel database provided by PSM/OSS/PRS, the amounts disbursed by UNIDO for the procurement of goods and services within projects, shown in Figure 2, have grown from 54,876,004 Euro in 2013 to 63,242,510 Euro in 2014, i.e. about 15%. Up to 29 July 2015, 45,512,728 Euros were disbursed, which suggests that growth in procurement volumes will continue in 2015 (see Figure).

⁴ “For goods and services that the Organization procures year after year, through repetitive bidding procedure, the intention is to enter into Long Term Agreements (LTAs) by which a contractual relationship shall be established between UNIDO on the one part, and one or several contractor(s) on the other part, to ensure proper and uninterrupted supply. The advantage is to minimize lead times and to secure competitive prices and rates for goods and services, under terms and conditions that meet the best interest of UNIDO”. Source: UNIDO Procurement Manual, section 5.4.

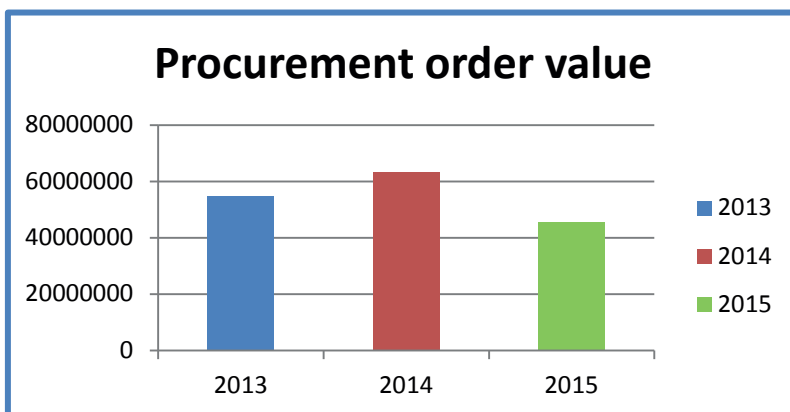


Figure 2. Procurement order value per year

Procurement volumes

Volumes of procurement in the Programme Development and Technical Cooperation Division (PTC) branches are shown in Figure . It would appear that the majority of procurement relates to projects in the Environment Branch (PTC/ENV). This concentration of procurement activities would be more significant after the recent integration of the Environmental Management Branch into the Environment and Energy Branches.

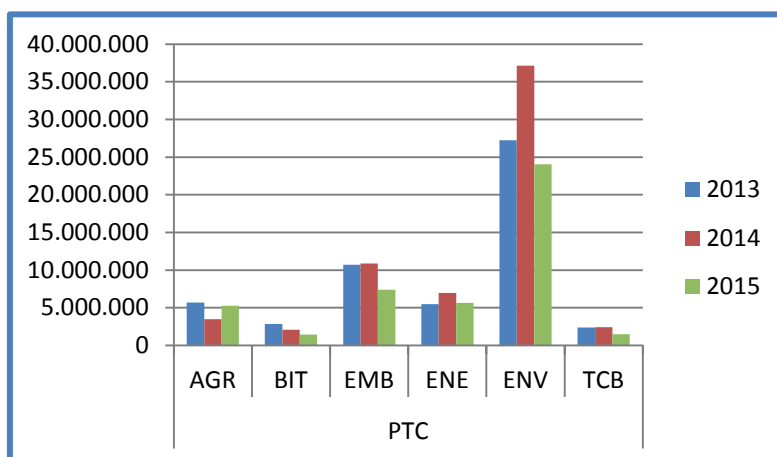


Figure 3. Procurement volumes by PTC Branches⁵

While Figure 4 would lead to the conclusion that most procurement activities relate to Contractual Services, in reality Contractual Services appear to include substantial amounts of equipment supplies. In order to set the record straight, it would be important to identify the proportion of Equipment that has been included under Services.

⁵ Source: Excel database from SAP provided by PSM/OSS/PRS

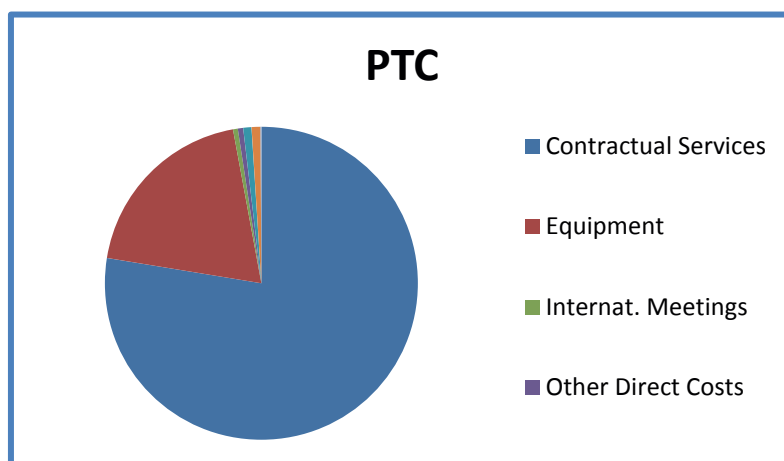


Figure 4. PTC procurement volumes by commitment item (2013 to July 2015)⁵

Centralized and decentralized procurement

Figure shows the numbers of purchase orders (POs) below and above Euro 40,000. Since 2013, it would appear that about 40% of POs were processed through decentralized procurement.

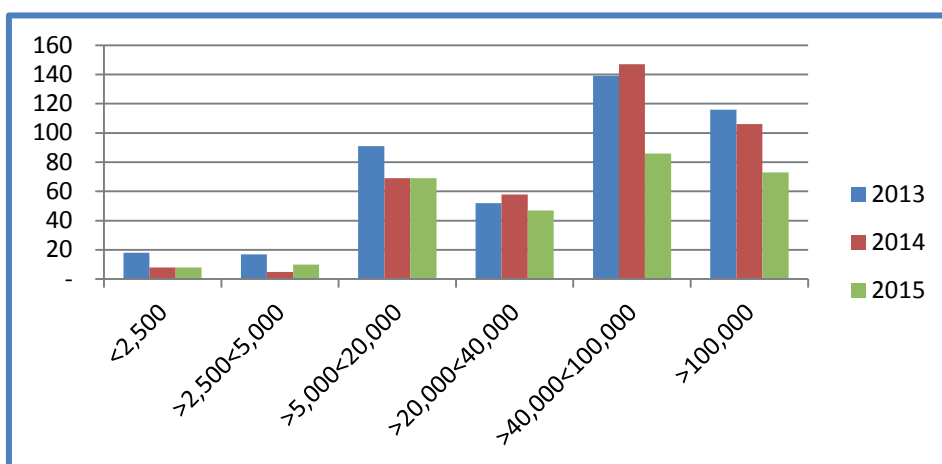


Figure 5. Number of POs by category⁶

3.4. Procurement processes implementation

The SAP Enterprise Resource Planning (ERP) system was introduced in 2013, replacing the previous Agresso system.

A feature of all ERP systems, including SAP is that they integrate the various business functions such as Human Resources, Procurement, Finance, etc. into one combined system. This integration is achieved by maintaining all the relevant data for these business functions within a single supporting database.

⁶ Source: Excel database from SAP provided by PSM/OSS/PRS

At the time of this review, UNIDO had implemented the following functions, commonly referred to as modules:

- Technical Cooperation
- Human Resources
- Travel
- Procurement
- Finance.

The procurement module is used to manage all aspects of requisitioning, online solicitation, order initiation, order processing, including the selection and issue of orders to suppliers, certification of receipt of the goods or services, as ordered, before payment can be made.

Also, this module maintains a database of ‘registered suppliers’ and it is compulsory for any bidders for UNIDO procurement contracts to be registered in this database. To bid for contracts on the UNGM (the common procurement portal of the United Nations system) potential suppliers must register by completing the ‘online vendor registration form’.

Staff Resources

Figure presents the evolution of the staffing situation at UNIDO. In 2014, there were 12 core staff in procurement, 6 ‘P’ staff and 6 ‘G’ staff. In addition, 4 staff (2 ‘P’ and 2 ‘G’) were funded from TC project budgets.

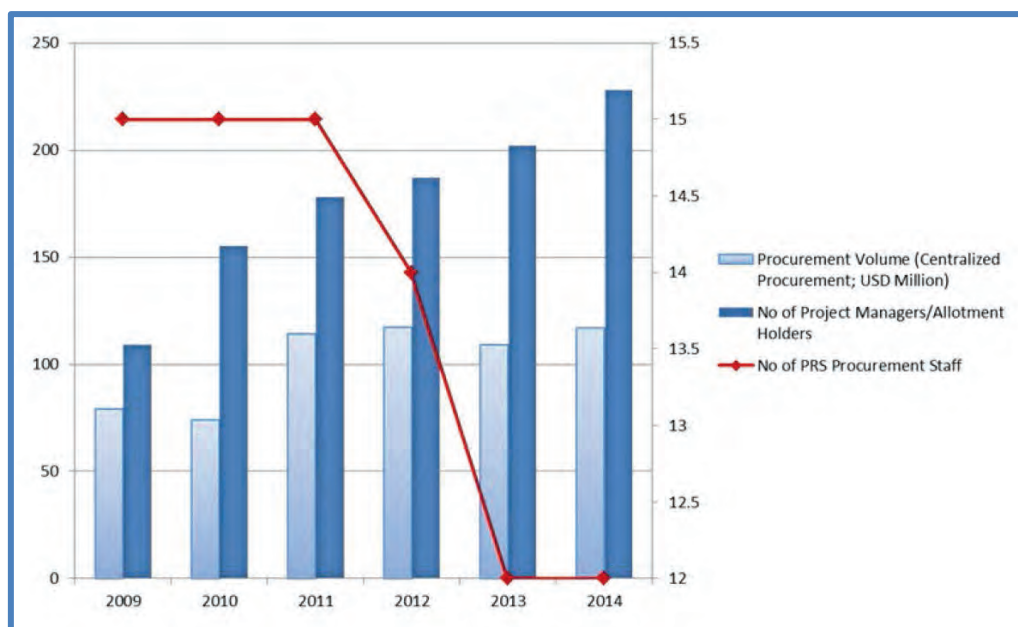


Figure 6. Overview of UNIDO procurement approaches⁷

⁷ Source: Presentation by PSM/OSS/PRS on procurement volume and staffing

Process Monitoring and Quality Assurance

The Procurement Manual provided indicative procurement timelines (Section 11.1, page 44). The Manual also required a bi-annual report prepared by PSM/OSS/PRS and reports to be made available on the SRM/MM portal (Section 16, page 78).

Waivers

Section 10.3 of the Procurement Manual provides for Exceptions to Competition (Waiver). The Manual is clear that a “Waiver of competition is an exception and a serious departure from a regular procurement process” (page 40).

Long Term Agreements (LTAs), Standard Documents and Templates

The Procurement Manual (Section 5.4) provides for LTAs. These contracts are entered into for standard goods or services that are needed regularly and often used by many different sections of an organization. At the time of the review there were 7 LTA agreements in existence at UNIDO.

4. Feedback from past project evaluations

In order to determine the extent to which procurement issues were identified in past evaluations, project evaluation reports issued from 2013 to 2015 were reviewed.

A number of recommendations relating to procurement issues were offered, which were largely consistent with the results of the survey, field mission and interviews.

Recommendations inter alia are summarized as follows:

Local procurement

- a) Local procurement through a local competitive tendering process whenever possible should be used to the extent feasible, for instance for training toolkits. When not possible, the capacity of local businesses with limited experience on international tendering should be supported in order to enable them to participate in future procurement activities.
- b) UNIDO should develop flexible and speedy procedures for procurement in crisis-contexts with an emphasis on local procurement to assist local economic recovery.
- c) UNIDO should simplify and adjust its procurement and financial processes to match field requirements in post-crisis situations in order to be responsive to specific logistical needs and infrastructural challenges of the context with some degree of flexibility.

Involving procurement at the project preparatory stage in GEF projects

- d) In order to initiate implementation immediately after the project approval, the contract negotiation should start during the preparation of the project documents. This additional effort would be limited compared to the investment normally undertaken for project drafting and would even ensure a greater involvement of the countries during the project drafting. It should also be noted that the eventuality of the project not being approved is very rare for Enabling Activities' (EAs) project and indeed no evidence of project rejection has been found among the 51 countries assessed, whilst only in a couple of cases it was necessary to resubmit the project application to the GEF.
- e) Clause 2.05 of the sub-contracts on the report submission should be amended to require the Government Counterparts to submit the outputs of the project in electronic format to the PM who should be required to technically validate the deliverables before approval of payment by

Procurement - this will not only give credibility to the process but also provide an incentive for countries to submit their outputs in accordance with the requirements of the ToRs.

- f) The overall project management process should be streamlined through common standards and a monitoring and tracking system. This should include, besides the submission of all project outputs electronically, the development of a standardized management information and monitoring tool with the following main structure:
 - o Project Documents;
 - o GEF approval: signed documents;
 - o Procurement: Signed contract; ToR; Consultants;
 - o Deliverables: Outputs of the various components;
 - o Monitoring and Progress Report.
- g) Government counterparts should streamline the procurement and contractual arrangements in order to make sure that the execution arrangements enter into effect as soon as possible after the project approval.
- h) The UNIDO procurement unit should introduce a mechanism for red-flagging when extra intervention is needed to deal with a project obstacle including appointing a short-term “fixer” to work across all departments and agencies involved. It should also have a data base with a mechanism (“orange-flagging”?) which notes those countries with unique local conditions (such as climate, infrastructure, corruption issues) that are more pronounced than in other countries and where there are more likely to be obstacles.

Dealing with delays

- i) Several approaches need to be followed by UNIDO to improve the efficiency of future projects; (a) work with the Government to find comprehensive solutions to eliminate customs clearance hold-ups for imported equipment and have this applied to all TC projects; (b) set more realistic project work-plans and timetables, reflecting UNIDO procurement rules and in-country procedures; and (c) decentralize procurement whenever possible to the CIIC Office; and (d) Co-financing needs to be formally agreed on during the project design stage in order to avoid misunderstandings during implementation.
- j) Establish a committee consisting of representatives of legal Office, Business Partnership Group, funds mobilization group, finance to look at the applicability of trust fund agreements and possible make proposal for revisions and, if deemed necessary, bring in external expertise to provide additional guidance.
- k) UNIDO should further implement its decentralization plan in operations at the country level by devolving much decision-making, budget authority and procurement process to the field, to improve efficiency and enable fast-track procedures that are required in post-crisis situations.

Phase II of the Joint UNIDO and WTO trade capacity building programme

- l) The allegedly cumbersome procurement processes and strict financial control measures of the UNDP procurement system (and recent SAP integration) should be factored into programme planning and implementation, and sufficient time allocated to activities.
- m) Since procurement rules cannot be easily changed, it is fundamental to increase the knowledge level of the field staff in order to ensure more efficient implementation and reduce delays.

5. Case study: Pakistan

A field mission to Pakistan took place in May 2015. Discussions were held with the relevant UNIDO staff in the Pakistan Field Office as well as UNDP Procurement Manager and FAO Representative Assistant. The objective of the mission was to form an opinion as to how the UNIDO decentralized procurement works in the field.

Structured interviews were conducted with the relevant staff (see Annex C: List of Persons Interviewed).

The evaluation team acknowledged that this mission would not collect representative feedback from the situation in UNIDO field offices at large. However, some of the findings and recommendations below are quite consistent with those resulting from the process review based on surveys and interviews of UNIDO staff.

5.1 Field Office responsibilities

The UNIDO Country Office is staffed with a UNIDO Field Representative, one National Programme Officer, one Programme Assistant, four National Project Managers (3 in Islamabad, 1 in Lahore) and one Chief Technical Advisor.

The UNIDO Field Representative is the only staff member who has authority to approve up to 40 000 Euro.

Since there are no project allotment holders in the country, all approvals need to be received from project managers/Allotment Holders in HQ. In order to streamline the procurement process and empower field Project Coordinators /Chief Technical Advisor, the need for them to have authority up to 5,000 Euro (in line with the decentralized procurement regimen applying the fast track procurement procedure) was voiced.

For programmes, the procurement process is started either by the National Project Coordinator, the Country Technical Advisor, or the Project Administrative Assistant upon instructions from the Project Manager (Allotment Holder) in HQ.

The National Project Managers are responsible for writing the specifications as well as for the technical review of offers received.

For the Trade Related Technical Assistance (TRTA) Programme the procurement process is initiated by the Finance and Programme Administrative Assistant. For this 10 million Euro project, procurement is done in the same way as the rest of the local office, following procurement rules. In addition they upload their RfQ/RfP on their project website www.trtapakistan.org.

All GEF/TRTA projects related procurement have to be approved by the respective project manager in HQ. In some cases procurement gets pre approval via emails for goods/services from the HQ manager.

There is a high dependency on HQ which affects the projects activities. Field activities are delayed due to this fact. Only HQ decides when to buy by instructing the National Project Manager to initiate the procurement solicitation.

There are two types of Tax Exemption Request which should be cleared through the Federal Bureau of Revenues (FBR):

- a) Imported goods: It is done through UNDP;
- b) National goods: The invoices indicating the taxes as a separate item are sent to UNDP to allow them to obtain the tax exemption certificate from the FBR, which is later on sent to the vendor.

Discussions are being held in order to allow each organization to obtain their own Free Tax Number (FTN) which was held only by UNDP until the recent past. UNIDO can benefit from this initiative by requesting its own FTN. It would reduce the lead time of the National Tax Exemption procedure. The procedure in order to obtain the tax exemption certificate should be clearly pointed out in the agreement with Pakistan. UNIDO has not signed an agreement with Pakistan in this respect.

5.2 Procurement Committee

The National Programme Officer, the Programme Assistant, the Office Assistant (TRTA) and the respective Administrative Assistant are the members of the Procurement Committee. It has been in place since September 2014 as an initiative of the Country Representative. The procurement committee opens the sealed bids and sends them to the requesting department without any recommendation. The whole process is properly documented. They are responsible for ensuring the transparency of the bid opening.

5.3 Access to SAP

The National Project Managers do not have access to the SAP procurement module. The SAP Procurement module is used in a limited way.

Many procurement actions are carried out using emails and are not recorded in the SAP procurement module.

5.4 Training in procurement

Training in UNIDO procurement policy, as well as a national vendor roster for different goods/services is needed in the Field Office. The national roster can be shared with other UN organizations based in Pakistan and should be a common one for GEF, TRTA, Clean tech, BIO Mass and RE/Energy Efficiency. Local staff

capacity building in procurement may be the critical ingredient that can contribute to the success of project implementation.

5.5 Delegation of authority and communication

Delegation of authority in the field office for the overall procurement process should be in line with the timelines/schedule of the projects.

Communication gaps between HQ and the field office affects the procurement process. There is not a systematic procedure to communicate guidelines.

There is the possibility of signing a Service Agreement with UNDP in order to engage them for rendering procurement services to UNIDO depending on the delegation of authority. In such a case, UNDP procurement rules will apply. UNDP has agreements with UNODC, UNOCHA, UNIC and UNDSS. UNDP cost is approximately 300 Euros for a complete procurement exercise (from solicitation to award).

There is also the possibility of having an independent evaluation from UNDP for low cost procurement which can reduce lead time and it might prove to be cost /time effective in implementation of projects.

5.6 Standard documents and guidelines

In the contract document established between UNIDO and the Government of Pakistan there are no guidelines for procurement of materials and for hiring personnel on any Montreal Protocol related projects

The UNIDO procurement manual does not distinctively state the difference among the procurement of goods, services and works. The award criteria as well as the criteria for evaluation and selection are different in each case. By order of magnitude, UNIDO procures in Pakistan goods, then services and works.

The World Bank Procurement Manual is a very good reference for projects such as the ones implemented under the Montreal Protocol. It addresses most of the procedures which would be necessary to apply for large procurements in Pakistan under the Montreal Protocol.

5.7 Risks to timeliness

There is a danger of affecting relations between UNIDO and the Member State as well as with the beneficiaries, when local projects are delayed.

The purchases of goods for all Montreal Protocol projects are carried out using the Procurement Rules of UNIDO.

The current practice in order to define the time schedule for the procurement of goods under the Montreal Protocol Project is not realistic since it does not

consider the lead time (delays) caused by, inter alia the request of tax exemption certificates.

5.8 Tax exemptions

Tax exemption is a very important and critical issue to be considered in any project. The financial cost/delays which can cause in the implementation of any project are not addressed / considered in any project document. The average time to obtain the Tax Exemption Certificate in Pakistan is from two to four months.

UNIDO's model bidding documents give the right to conduct the commercial evaluation and award the contract based only on the prices of the goods/equipment. Lowest technically acceptable bid versus Best Value for Money policy should be analysed. Pakistan UNIDO office only awards based on the lowest technically acceptable bid. Field staff should be given orientation in the best value for money concept.

5.9 Payments

Payment delays need special attention. Local suppliers usually work with low margins and payment delays – sometimes up to two months – affects their cash flow. Invoice certification should be in line with SAP electronic workflow as in HQ.

The Field Office has different payment modalities depending on the amount:

- a) Minor Bank Transfer (MBT) for amounts up to 600 Euro. Approved via email or signature in approve template by the allotment holder.
- b) Straight expenditures up to 2000 Euro through SAP using the payment request TAB. Single approval by allotment holder.
- c) Shopping cart (fast track) from 2000 up to 5000 Euro. Through SAP via Project Purchase Tab. Approval by allotment holder. Then the Purchase Order is generated through SAP. After goods/services are delivered, goods receipts (confirmation) through SAP.
- d) Decentralized procurement from 5000 to 40000 Euro through SAP via Project Purchase Tab. Approval by allotment holder and his/her supervisor. Then the Purchase Order is generated through SAP. After goods/services are delivered, goods receipts (confirmation) through SAP.

Field office staff expressed the challenge of working with different currencies, e.g. projects are using USD and Euro for budgeting purposes.

For monitoring purposes, there is a need to have an approved template in order to consolidate the overall yearly expenditure as well as a yearly Procurement Plan for the whole Field Office. As an example, it is worth mentioning that FAO total 2014 expenditure in Pakistan was 7.6 million Euros. Currently, it is not possible to know in a quick way the total annual expenditure at country level for UNIDO.

5.10 LTAs

There is room for establishing long term agreements for car renting, printing and stationary, which are the three main services used in Pakistan by UNIDO local office. UNDP has some established Long Term Agreements (LTAs) for cleaning services, printing, stationary, vehicle maintenance, construction and third party activities, which UNIDO could benefit from. Air tickets, security guards as well as internet providers are hired through joint contracts with other local UN Organizations.

5.11 Fast track procurement

There is no fast track procurement in place. A fast track and a normal procurement process should be identified. It would avoid unnecessary delays in project implementation.

At least one/two local staff should be trained on the UNIDO Procurement Manual as well as in the Financial Rules. It is advisable to invest time and effort in order to understand the procurement flow diagram.

5.12 Procurement working group

Under the One UN initiative, there is a Procurement Working Group which has put in place a work plan for 2015, including activities such as a customer satisfaction survey, procurement training, vehicle rental services contract, One UN Procurement Portal, Security Services Contract. UNIDO could benefit from this initiative by training focal staff in procurement standards and certification.

It is recommended that the tender documents should always state that the purchase is 'duty free'.

The local office does not have clear guidelines for Sole Source Procurement.

6. Findings

6.1 Overall assessment

Overall, with the caveats and constraints indicated in the following sections, the procurement process appears to run satisfactorily.

Figure presents the survey feedback on overall satisfaction with procurement of goods and services.

On the average, UNIDO stakeholders appear to perceive the process to be run quite satisfactorily.

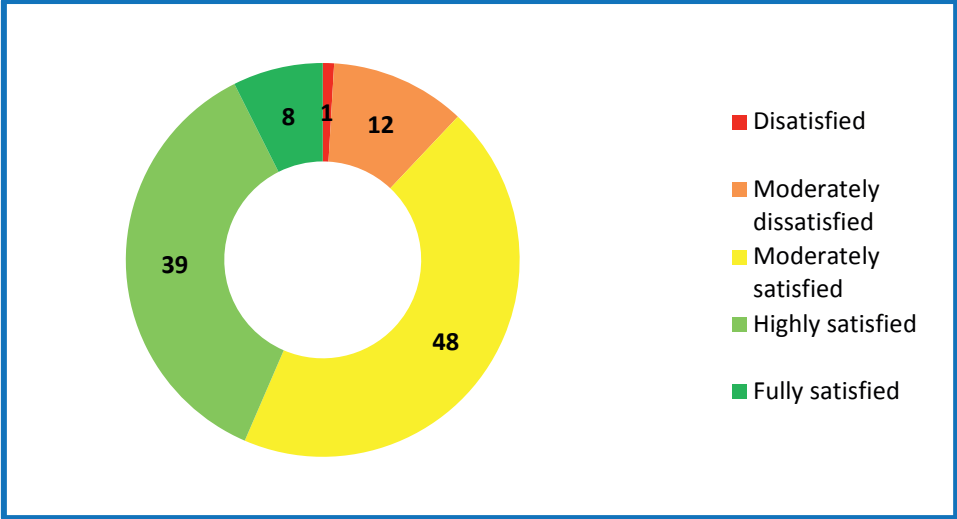


Figure 7. Feedback on overall satisfaction with procurement⁸

6.2 Relevance

6.2.1 The segregation of duties was found weakened in the case of decentralized procurement, posing risks to the four eyes principle.

In a typical procurement process, the role of the project officer requesting the procurement of a good or service is separate from that of the procurement officer who carries out the procurement tasks. Typically, delegation to negotiate on behalf of an organization is officially delegated only to procurement officers.

At UNIDO, in the case of decentralized procurement, a project manager/allotment holder, who is deeply involved in project design and implementation processes, will also undertake the entire procurement process.

⁸ Source: Overall response statistics PROCUREMENT Survey-26 August 2015

This compromises the segregation of duties/four eyes principle. The subsequent review of the actions taken by the relevant line manager does not overcome this weakness in the segregation of the requester from the purchaser.

6.2.2 Compliance with policies: Best value for money (BVFM)

The Procurement Manual provides for Best Value For Money (BVFM) procurement, which in practice is rarely applied in a strict sense. Life cycle costs are not consistently included in procurement decisions. Guidance on how to apply BVFM or Least Cost Technically Acceptable (LCTA) principles was found to be lacking.

Figure shows the survey feedback on the extent to which sustainability issues were factored in procurement documents and bid evaluations. It appears to indicate that such considerations, central in the BVFM approach, were quite widely applied.

Interviewees suggested, however, that bid evaluation was widely based on least cost technical acceptability or least cost approaches. While room for considering life-cycle costs in ToRs and bid evaluations was acknowledged by stakeholders and their consideration encouraged by management, interviews appeared to indicate that life-cycle costs were not always considered.

There was general agreement that guidance on how to apply life-cycle costs was needed.

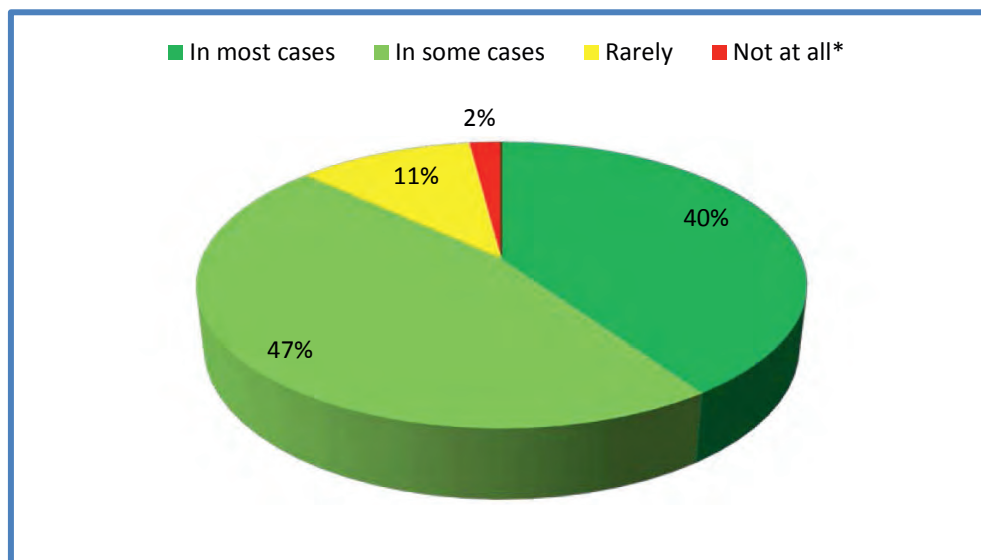


Figure 8. Feedback on sustainability factored in ToR⁹

⁹ Source: Overall response statistics PROCUREMENT Survey, 26 August 2015

BVFM is used to determine the highest benefit to an organization from the acquisition a good or service, for the amount paid to acquire a good or service. The benefits often include quantitative factors (relatively easy to measure) and qualitative factors (relatively difficult to measure). In this regard BVFM, not only measures the cost of the good or service, but also takes into account other factors such as fitness for purpose, timeliness etc. to determine the best value.

It is worth noting that BVFM is now a commonly adopted methodology for public sector procurement and it is now quite widely adopted in UN Agencies. The adoption of BVFM is particularly beneficial when evaluating service contract proposals, as it incorporates qualitative factors, which are often key determinants of the effectiveness of services contracts.

Generally, qualitative factors are more significant in the delivery of service contracts, such as the provision of design services, or the delivery of training programs and have a greater bearing on the outcome.

Ongoing training in procurement for project managers and allotment holders, along with monitoring and control of decentralized procurement was insufficient.

Against the above background, the implementation of the decentralized procurement practice would require strengthened checks and balances, effective and ongoing training of both project managers/allotment holders and line managers, to ensure effective control and accountability.

Planned periodic monitoring and the checking of decentralized procurement actions would also be highly desirable.

6.2.3 Waivers

The high number of waivers in centralized procurement procedures, in particular in GEF, MP and other donor funded projects, suggests a conflict between UNIDO and Donor rules.

The Procurement Manual provides for Exceptions to Competition (Waiver). The Manual is clear that a “Waiver of competition is an exception...and...a serious departure from a regular procurement process”.

Figure illustrates the extent of utilization of wavers in centralized procurement procedure. Overall, in 2013 to 2015 open competition related to about one third of the total volume of centralized procurement.

Due to programmatic requirements imposed on UNIDO by various donors/donor instruments, a different implementation/execution setup (segregation of implementation and execution roles or EU’s sub-delegation modus operandi) may be required.

Director-General’s Administrative Instruction No. 20/Rev.1 (March 2013) on Guidelines for the Conclusion and Administration of Implementation Arrangements with UNIDO Partner Organizations were primarily an outcome of

past discussions to facilitate the repetitive contracting of UNIDO’s Cleaner Production Centres (as so-called “Partner Organizations”).

The evaluation was informed that these guidelines were subject to revision to accommodate the more complex fiduciary standards and requirements of some of UNIDO’s largest donors/international environmental agreements such as GEF, MP and the EU. Once the revised guidelines are completed and implemented, together with a revised financial rule, the volume of procurement waivers would be reduced significantly.

UNIDO was aware of the high usage of waivers and was taking actions that should lead to reducing their usage.

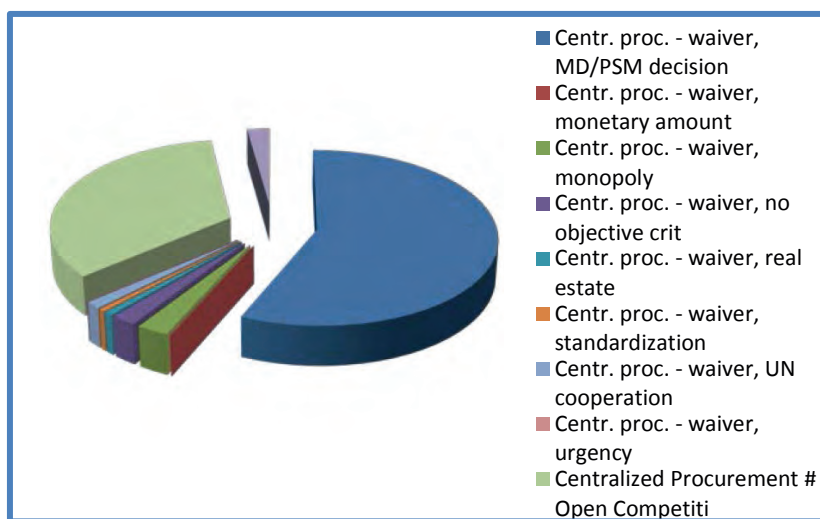


Figure 9. Values of waivers by procurement procedure for PTC centralized procurement (2013 to July 2015)¹⁰

Figure shows the significance of Montreal Protocol (MP) and Global Environmental Fund (GEF) in procuring goods and services for UNIDO projects.

¹⁰ Source: Excel database from SAP provided by PSM/OSS/PRS

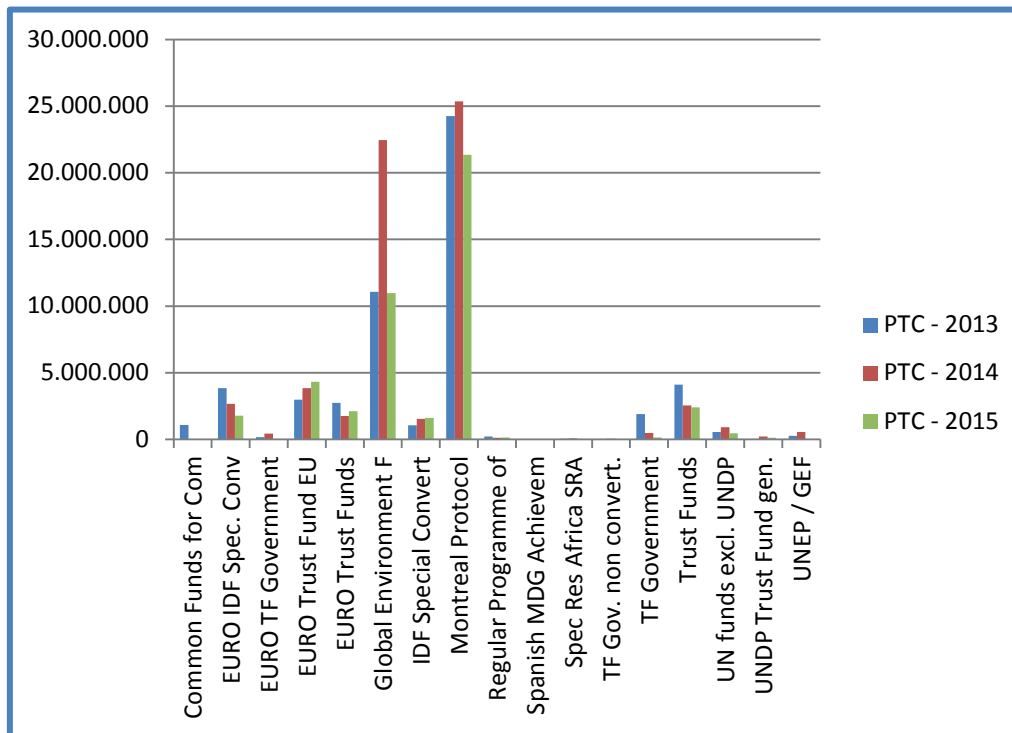


Figure 10. Funding sources for PTC procurement (2013 to July 2015)¹⁰

6.3 Effectiveness and sustainability

6.3.1 Quality and fit-for-purpose of goods and services

By and large, the goods and services procured by UNIDO appear to meet project objectives and the requirements of project counterparts.

Figure presents the feedback on UNIDO staff perception of the quality of goods and services resulting from the survey, which on the average appears to be good.

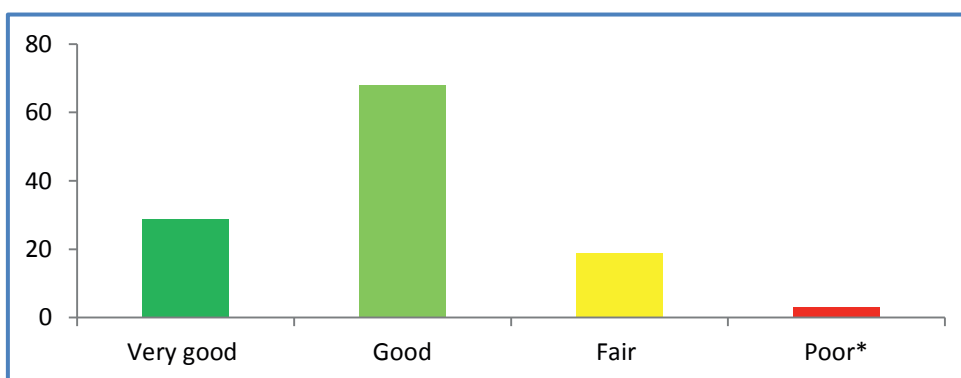


Figure 11. Feedback on quality of goods and services¹¹

¹¹ Source: Overall response statistics PROCUREMENT Survey-26 August 2015

While no systematic customer satisfaction feedback mechanism is in place, the review could confirm that project counterparts participate in the elaboration and/or review of ToR and technical specifications and are members of PSCs where project operations are reviewed. In addition, increasing funding from donors and specific reviews of UNIDO's performance by donors appear to confirm customer satisfaction.

6.3.2 Knowledge management and process continual improvement

Knowledge management and continual improvement of the procurement process were hampered by insufficient process quality assurance mechanisms for both technical and commercial aspects and by lacking standard documentation.

In relation to the requirements in the Procurement Manual, shortcomings were identified in the performance of monitoring, control and reporting functions related to procurement.

Vis-à-vis the contractual documentation available through the International Federation of Consulting Engineers [FIDIC] and international financial institutions, UNIDO's standard documentation and templates were deemed lacking. There is room for improvement of UNIDO standard contract documents. While recognizing the smaller scope of UNIDO procurement as compared to the World Bank, for instance, interviewees considered UNIDO standard documents somewhat rudimentary and identified the need to balance completeness with clarity and conciseness.

ToR or technical specifications were often based on existing ones or on best judgement of technical experts rather than on a standard set of guidance and/or templates. Review and approval mechanisms mostly based on a SAP sequence of steps rather than on substantive and systematic approaches.

Projects managers are responsible for the whole project cycle, including decentralized procurement. They have received delegated procurement authority; have signed a document to the effect, which gives them the authority and responsibility to procure; and have been provided with training. Despite these facts, interviewees had reservations about their ability to adequately cope with decentralized procurement, in particular to address questions raised during project Audits. This suggests a need for them to enhance their skills in procurement procedures and rules.

6.4 Efficiency

6.4.1 Timeliness of procurement services

By and large, the timeliness of procurement appears to be quite satisfactory.

Figure 2 presents the survey results of UNIDO staff perception on timeliness of procurement, which on the average appeared to be satisfactory.

Interviews also revealed that procurement services rendered by PSM/OSS/PRS were considered to be highly client oriented. The fact that they were organized to mirror the specializations within the TC branches was considered to enhance the perception of efficiency.

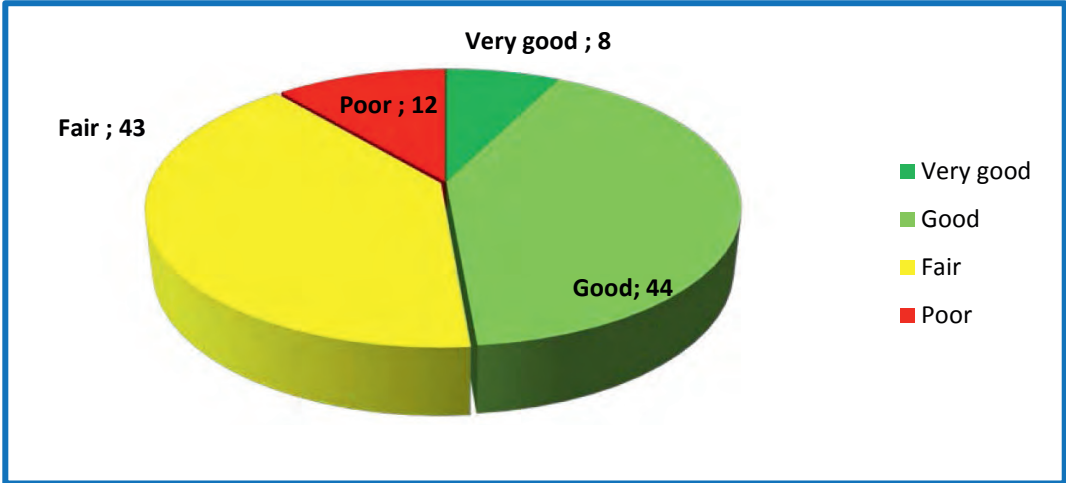


Figure 12. Feedback on timeliness of goods and services¹²

Freight forwarding

According to both survey and interview results, the main reasons for delivery delays (see Figure 3) were government exemption from import duty, customs clearance and shipping timelines. Other UN agencies, notably the IAEA, have contracted freight forwarding companies for delivering goods from the suppliers ‘gate’ to the final destination, encompassing shipping/delivery, customs clearance, and obtaining exemptions from government import duty.

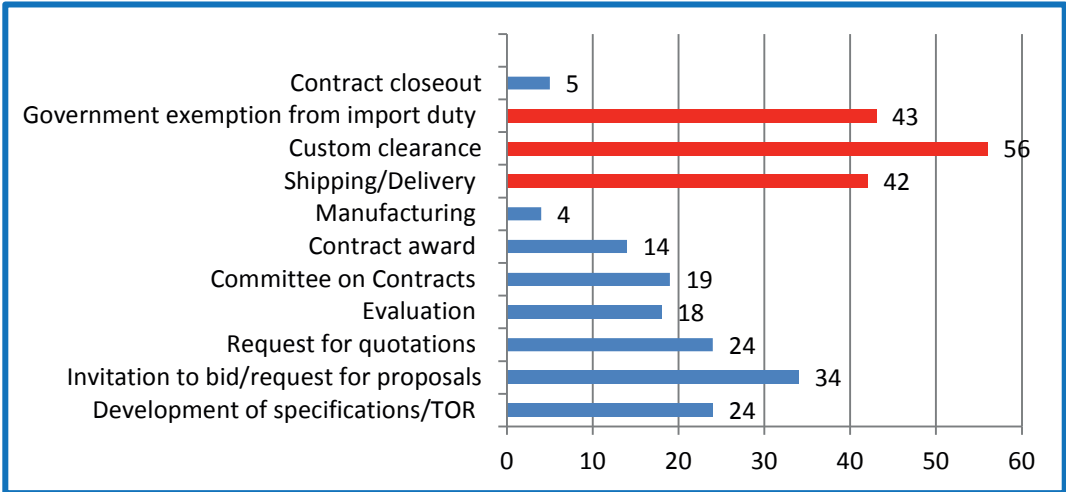


Figure 13. Feedback on procurement delays¹²

¹² Source: Overall response statistics PROCUREMENT Survey-26 August 2015

Whilst there are inevitable costs associated with such a contract, the IAEA experience was that it greatly improved delivery timeliness and therefore reduced costs associated with excessive delivery delays. Also, IAEA has found that these freight forwarding costs can be further reduced as they and the freight forwarding company gain experience from their collaboration. Should UNIDO wish to consider using a freight forwarding contractor, collaboration with Vienna-based UN agencies might be cost-effective.

Fund-specific procedures

MP, GEF and other donor funded projects, were at times affected with delays, which in some instances were attributed inter alia to the need for waivers.

Generally, procurement in UNIDO starts after project's approval. In GEF projects, however, many preparations made before approval determine procurement issues. In some GEF¹³ projects, for instance, partners and implementing agencies are determined at the project preparatory stage. Co-financing arrangements made at this stage often are in conflict with UNIDO procurement rules, thus contributing to delays and to waivers.

In these cases, the procurement services involvement is too late in the specific planning cycle of these projects, with many issues already determined, making it difficult for procurement to fulfil its responsibilities in accordance with the procurement manual contributing to the regular need for waivers.

The evaluation was informed that consideration was being given to establishing a procurement process that specifically addresses the unique needs of MP, GEF and other donor funded projects, e.g. short term duration projects funded with Japanese Government funds (see section 6.2.3). Such a process could include involvement of procurement in the planning cycle, instead of later treating procurement activities as waiver cases, which are exceptions to the normal procurement rules.

Timeliness of procurement is not a managed parameter, it is not systematically measured nor analyzed

Interviews confirmed that the procurement process was not managed to achieve the desired timeliness.

Procurement statistics, e.g. procurement timelines for steps in the process, and reports are neither produced nor utilized by management to control and improve the procurement process.

There appears to be a lack of published procurement statistics and bi-annual reports in accordance with chapter 16 of the Procurement Manual. Also the Procurement Manual provides indicative procurement timelines for steps in the

¹³ According to Section V of GEF policy GEF/PL/FI/04, the selection of executing agencies is usually done by the Government at very early stages in the project development processes, at the PIF submission. In most cases the GEF and the Government would select national executing entities.

process, but there is no regular reporting of actual procurement timelines, relative to these indicative targets.

Perhaps, these indicative timelines could be reviewed and incorporated within a set of key performance indicators (KPIs) for procurement. The publication of regular reviews of actual performance against the KPIs (say monthly), would enhance monitoring of procurement, improve control of procurement and report the current status of procurement to TC and other stakeholders, as well as management. Also, training in the extraction of reports from SAP would assist technical cooperation staff to better monitor projects.

Table 2, elaborated from SAP data provided by PSM/OSS/PRS, present timelines for both centralized and decentralized approaches in 2014, as an illustration of the type of information that KPI analysis could facilitate.

The evaluation team is aware that this data as such does not lend itself to an analysis of timelines. However, a breakdown of the data in the table by PTC Branches and Units, by commitment or project type, would allow setting up baseline status, trends and improvement targets if necessary, as required by UNIDO's Procurement Manual.

Table 2. Procurement timelines¹⁴

Procurement milestones	Centralized procurement		Decentralized procurement	
	Average (days)	Maximum (days)	Average (days)	Maximum (days)
SC Appr date to RFx being published	2.40	131	0.89	52
RFx event open to market	12.35	261	2.93	123
Evaluation of offers	6.75	248	1.06	126
Issuance of PO	0.41	240	0.15	33
Delivery of the equipment/services	83.56	888	48.42	642

6.4.2 Procurement plans

Beyond those included in project documents, procurement plans negotiated between technical branches and procurement appear to be seldom produced

The dispersion in the feedback from interviews and surveys made it unclear to determine whether procurement plans, beyond the provisions included in project documents, were produced or what was their nature, whether they were

¹⁴ Source: Excel database from SAP provided by PSM/OSS/PRS

produced annually by project managers or provided a calendar of foreseen procurement activities and timelines.¹⁵

It appeared that unforeseen procurement activities occurred frequently and that respondents felt that it was challenging to plan procurement in the fast changing contexts in which UNIDO operates.

6.4.3 Staffing levels

PSM/OSS/PRS appears to be understaffed and the decentralized procurement work load appears to add to the already high work load of project staff.

While centralized procurement budgets have approximately doubled since 2009, the Procurement Services Unit staffing levels have decreased from 15 to 12.

Interviews appeared to confirm that staffing in PSM/OSS/PRS staff was insufficient.

Comparisons with other UN organizations also indicate some staff shortage at UNIDO, which was at times alleviated through assignment of consultants funded from Technical Cooperation project budgets.

This staff shortage poses risks to the efficiency of the operation of procurement in terms of Centralized and Decentralized procurement.

A comparative survey was prepared by UNHCR, using data for 2013 from 14 UN agencies, including UNIDO, appeared to indicate some comparative understaffing of PSM/OSS/PRS staff with respect to other agencies.

As it is difficult to take into account organizational differences, it is not possible to arrive at a precise conclusion regarding the actual level of understaffing. However, it is apparent that UNIDO centralized procurement is understaffed, which is also supported by the interview feedback suggesting that there is insufficient staff.

In an environment of retirements, recruitment freezes and the engagement of staff through short term appointments, maintaining satisfactory 'institutional knowledge and memory is bound to be challenging. Whilst in 2014 technical branches provided 4 consultants from project funding, which represented one third of the regular staff of PSM/OSS/PRS, a longer term staffing solution would be desirable.

6.4.4 Process implementation

Procurement Services Unit currently makes little use of Long Term Agreements (LTAs).

¹⁵ SAP SRM did not offer an embedded procurement planning functionality and a workaround solution based on manual input was prepared in November 2014, but it was only being used rudimentarily. A workflow based solution appears to be planned for 2016.

The Procurement Manual provides for the use of LTAs and framework agreements.

LTAs and framework agreements are often negotiated for goods or services which are required for a defined period by a wide range of users and which have a large overall value. The use of LTAs assists in enhancing efficiency and interviewees agreed there was room to make greater use of them in UNIDO.

At the time of the review, however, UNIDO had only 7 LTAs whereas other UN organizations consulted had more than 140¹⁶.

UNIDO appears to utilize on occasion the services of UNPD. This Division aims to provide expert procurement services and business advice to UN organizations at large, in order to achieve best value for money and ensure a competitive, fair and transparent process. UNPD was felt by UNIDO to offer access to LTAs, but their cost-effectiveness needs to be carefully analyzed, by also taking into consideration the service charges.

Interviews appeared to support a wider use of LTAs or framework agreements whenever possible both at centralized and decentralized levels. Their utilization for laboratory and ancillary equipment was felt as potentially very useful. In addition, it was felt that their use in some instances might avoid the high need for waivers.

Concerns were voiced during interviews that LTAs would have to be implemented with care to ensure suppliers do not become complacent. When utilized for local goods, there is a need to compromise on unique local requirements as acquisition of the right products at right price is generally achieved when product selection is done with clients. As an example, the significant efforts and delays for custom clearing cars bought under an LTA was mentioned as well as the advantages that would have derived from having bought them from a national provider outside the LTA.

It would be useful for procurement to have details of standard items that are purchased, with LTAs such as standard lab equipment, to streamline procurement. Sufficient time spent on TOR is good practice, as it facilitates timely procurement and minimizes delays.

Most of the procurement expenditure is concentrated in a small number of supplier countries, both low and middle income and other countries.

The numbers of registered suppliers in SAP had decreased. This decrease was attributed to the relatively complex bidding requirements and web registration process. Suppliers registered on the United Nations Global Marketplace (UNGM) portal can also bid for UNIDO contracts.

Online registration was difficult for bidders in some regions or in post-crisis countries and authority was then given to field offices to advertise bids in local media and then send them to HQ.

¹⁶ The evaluation was informed that the LTA functionality in SRM was operationalized in 2014 and that it was taking time for the users to adopt the new concept.

The complexity of UNIDO's system was perceived to discourage bidders from working with the system. Terms and conditions were considered too rigid for small suppliers who often found problems in coping with legal requirements.

Some complex tenders require several suppliers, which often leads to the use of trading companies to fill the entire order.

UNIDO's efforts to engage suppliers from low and middle income countries, such as workshops to assist potential organizations to become registered suppliers, and assistance from some country offices, appear to have contributed to the fact that about 70% of suppliers are from low and middle income countries.

Approximately 64% of the value of procured goods was awarded to suppliers from low and middle income countries, albeit out of the total amount, 35% was awarded to suppliers from two low and middle income countries. Thus, just 29% was awarded to suppliers from the rest of low and middle income countries.

40% of the value of procured goods and services were awarded to suppliers from 2% of the supplier countries (see Figure). About 20% of the contracts are awarded to suppliers from 4% of the supplier countries (see Figure 4). Among the contracts awarded to suppliers from the top twenty-five countries, a majority came from developed countries. Figure and Figure 4 suggest room for improving the regional distribution of procured goods and services.

UNIDO should also closely monitor the performance of the top 20 Suppliers.

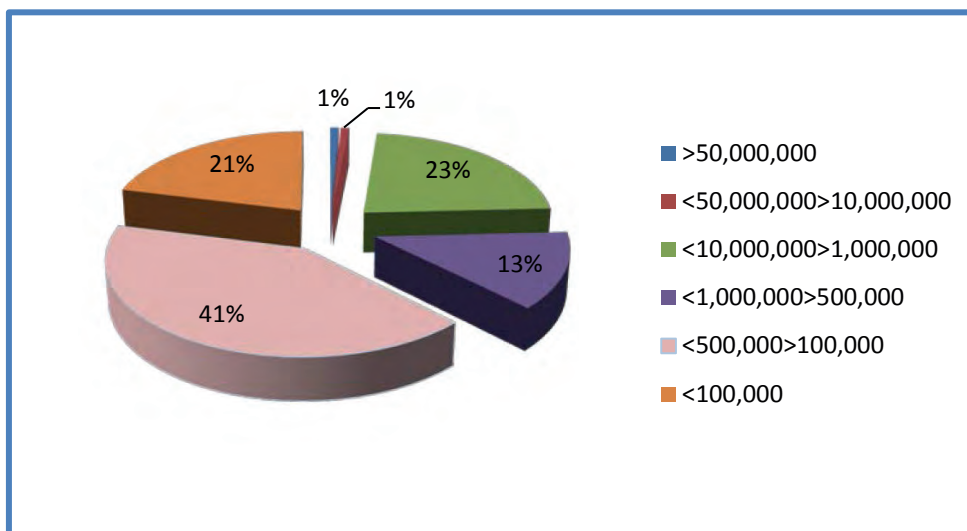


Figure 14. Procurement volumes by supplier country¹⁷

¹⁷ Source: Excel database from SAP provided by PSM/OSS/PRS

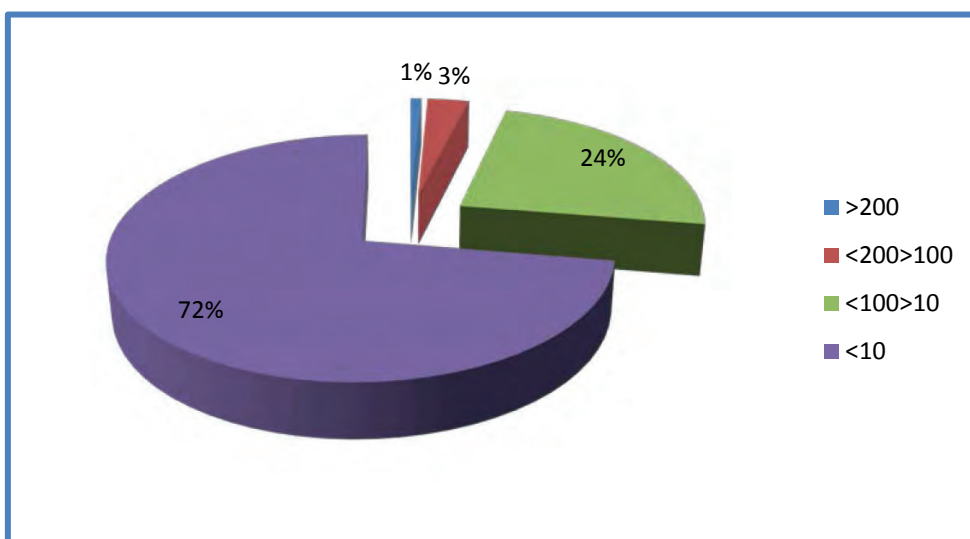


Figure 15. Number of awarded contracts by supplier country¹⁷

With some caveats, SAP was appreciated as a facilitating tool for procurement. Consistent utilization of SAP appears to have contributed to procurement timeliness.

As shown in Figure 165, training on SAP was generally considered to be satisfactory and useful. The main perceived benefits were the visibility of the workflow which facilitated expediting the process and the potential of the procurement database.

It was widely felt that timeliness of procurement had improved significantly after SAP was introduced.

SAP was mostly used by HQ. Field offices would prepare technical specifications which were approved by HQ through email communication. Inputs were then entered into SAP by HQ staff. It appears that SAP utilization in the field also depended on capabilities, as not all country sites had reliable connectivity and/or suitably skilled staff.

ToR or technical specifications are developed by project managers or technical staff but SAP was mostly operated by project assistants.

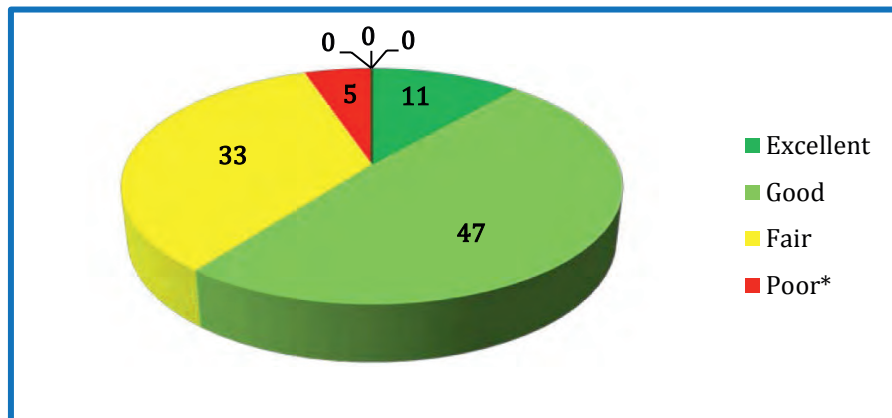


Figure 16. Feedback on satisfaction with SAP training ¹⁸

However, a number of comments or suggestions for improvements were offered through the surveys and interviews inter alia on the following issues:

- SAP procurement module was often complicated and cumbersome. It had too many options to master. During the training, the options were introduced but there was not enough time to understand what each meant.
- Training on SAP was based mostly on PowerPoint presentations, it was not practical enough.
- Often, issues with SAP were reported albeit not resolved, e.g. needs for debugging – one supplier with different names and bank accounts; SAP was not sufficiently ‘dummy proof’; producing reports other than the standard ones was found very difficult; adding choices to better reflect MP types of procurement; not user-friendly enough, e.g. duplicated buttons in various screens.
- As the system is developed by outsiders, changes are not so easy to incorporate.
- SAP has facilitated but also some times complicated matters; Improvement of procurement under 25,000E; one problem: vendors have to register, which puts off many of them; so vendors who get familiar with the system often act as brokers and offer everything;
- Continuous training on SAP was required and no refreshment training was provided.

Views were expressed that there was a growing need for SAP to be used as a management tool, i.e. producing statistical reports on KPIs as well as management reports. Thus, in addition to the continuing need for process training, training on management applications is also needed.

The evaluation team was also made aware that SAP and technical cooperation guidelines would be “connected” through an “electronic platform to enhance the relationship between the Procurement Manual and the Technical Cooperation Guidelines.

¹⁸ Source: Overall response statistics PROCUREMENT Survey-26 August 2015

7. Recommendations and lessons learned

7.1 Recommendations

Relevance and sustainability

Policy

1. In order to address the weakness in the segregation of duties in decentralized procurement, posing risks to the four eyes principle, UNIDO should strengthen the checks and balances, along with greater monitoring and control of decentralized procurement processes, as well as the training in procurement for project managers and allotment holders.
2. In accordance with the principles in the Procurement Manual and with widely applied practice adopted by UN organizations, UNIDO should develop guidance on how to apply Best Value For Money (BVFM) principles, for instance on how to include qualitative factors or life-cycle costs considerations in ToR and subsequently in bid evaluation.
3. In view of the large number of waivers, suggesting a clash between donor rules and UNIDO procurement rules and causing delays, UNIDO should reconsider its procurement methods and competitions in section 10 of the Procurement Manual.

Waivers

4. UNIDO should consider revisiting the waiver procedures in the Procurement Manual to limit management by exception in particular in donor funded projects.
5. UNIDO should develop processes that cater for procurement within GEF, MP and other donor funded projects, such as short duration projects under Japanese Government funds. For example:
 - i. Involving Procurement Services Unit at the preparatory stage of such projects, prior to approval, might limit the proliferation of waiver cases;
 - ii. Adopting project-specific procurement plans for large scale projects agreed upon between PSM/OSS/PRS and project managers.

Effectiveness

Quality assurance of the procurement process

6. UNIDO should enhance the quality assurance and continual improvement aspects of the procurement process. The following approaches could be considered:
 - i. Introducing substantive quality review mechanisms of ToR and technical documents;

- ii. Conducting process supervision and monitoring through the use of KPIs;
 - iii. Adopting knowledge management practices to ensure the quality of technical and commercial documentation.
- 7. UNIDO should consider enhancing its contractual documentation to a level consistent with international practice.
- 8. There is a growing need for utilizing SAP as a management tool, e.g. “measuring” process KPIs and performance reporting, thus training on process queries and reporting should be enhanced.

Efficiency

Timeliness of procurement services

- 9. Based on a process analysis looking into work load drivers, UNIDO should consider creative approaches to alleviate the shortage of staff in PSM/OSS/PRS, as well as the high work load of project staff resulting from high levels of decentralized procurement. Some examples are the following:
 - i. Contracting freight forwarding companies for delivering goods from the suppliers ‘gate’ to the final destination, encompassing shipping/delivery, customs clearance, and obtaining exemptions from government import duty would reduce workload considerably. Main reasons for delivery delays were government exemption from import duty, customs clearance and shipping timelines. This approach is used by other UN agencies, notably the IAEA.
 - ii. Further development and greater use of Long Term Agreements (LTAs) and Framework contracts.
 - iii. SAP training effort could be outsourced, thus freeing the commitment of procurement staff to focus on procurement-specific work.

Suppliers

- 10. UNIDO should closely monitor the performance of the top 20 Suppliers.
- 11. In the interest of greater competitiveness, efforts should be made to reduce the current concentration of procured goods and services around a small number of supplier countries.

SAP

- 12. After 3 years of SAP operation, UNIDO could consider setting up a task force or review group to analyze needs for upgrading vis-à-vis the comments reported in 6.4.4.

7.2 Lessons learned

William Edwards Deming¹⁹ is often incorrectly quoted as saying, "You can't manage what you can't measure." Deming in fact stated that one of the seven deadly diseases of management is running a company on visible figures alone.

Jedediah Buxton, a London mathematician, who in mid-18th century was taken to see Shakespeare's Richard III at the Drury Lane theatre. When asked whether he had enjoyed the play, his reply was that it contained 12,445 words.

When drafting this report, to some extent, the evaluation team felt quite unlike Jedediah Buxton.

The assessment of the procurement process by the evaluation team was not as quantitative as Buxton's, which is alright, as such an assessment would not provide for learning.

The evaluation team, however, would like to stress one lesson: that a wealth of data is available in SAP to allow measuring all important aspects of the procurement process, but that alone is not enough. The measures need to be applied and utilized to manage the process effectively, i.e. knowing how one is performing, setting improvement targets and measuring and monitoring progress towards the targets.

Otherwise:

"The Advantage of Not Planning is that Failure Comes as a Complete Surprise"

¹⁹ American engineer, statistician, professor, author, lecturer, and management consultant (October 14, 1900 – December 20, 1993).

Annex A: Terms of Reference

Introduction

This document outlines an approach and encompasses a framework for the assessment of UNIDO procurement processes, to be included as part of country evaluations as well as in technical cooperation (TC) projects/ programmes evaluations.

The procurement process assessment will review in a systematic manner the various aspects and stages of the procurement process being a key aspect of the technical cooperation (TC) delivery. These reviews aim to diagnose and identify areas of strength as well as where there is a need for improvement and lessons.

The framework will also serve as the basis for the “thematic evaluation of the procurement process efficiency” to be conducted in 2015 as part of the ODG/EVA work programme for 2014-15.

Background

Procurement is defined as the overall process of acquiring goods, works, and services, and includes all related functions such as planning, forecasting, supply chain management, identification of needs, sourcing and solicitation of offers, preparation and award of contract, as well as contract administration until the final discharge of all obligations as defined in the relevant contract(s). The procurement process covers activities necessary for the purchase, rental, lease or sale of goods, services, and other requirements such as works and property.

Past project and country evaluations commissioned by ODG/EVA raised several issues related to procurement and often efficiency related issues. It also became obvious that there is a shared responsibility in the different stages of the procurement process which includes UNIDO staff, such as project managers, and staff of the procurement unit, government counterparts, suppliers, local partner agencies (i.e. UNDP), customs and transport agencies etc.

In July 2013, a new “UNIDO Procurement Manual” was introduced. This Procurement Manual provides principles, guidance and procedures for the Organization to attain specified standards in the procurement process. The Procurement Manual also establishes that “The principles of fairness, transparency, integrity, economy, efficiency and effectiveness must be applied for all procurement transactions, to be delivered with a high level of professionalism thus justifying UNIDO’s involvement in and adding value to the implementation process”.

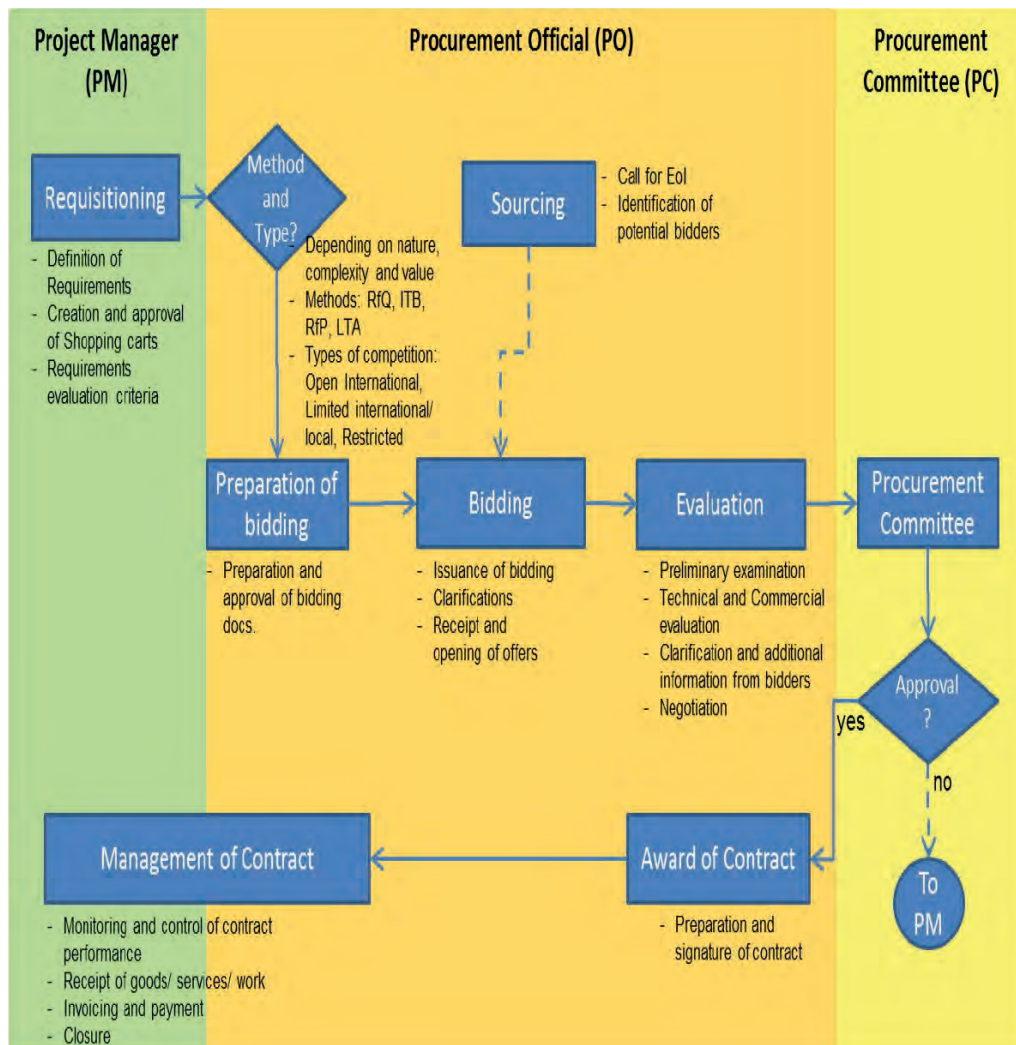
To reduce the risk of error, waste or wrongful acts and the risk of not detecting such problems, no single individual or team controls shall control all key stages of a transaction. Duties and responsibilities shall be assigned systemically to a number of individuals to ensure that effective checks and balances are in place.

In UNIDO, authorities, responsibilities and duties are segregated where incompatible. Related duties shall be subject to regular review and monitoring. Discrepancies, deviations and exceptions are properly regulated in the Financial Regulations and Rules and the Staff Regulations and Rules. Clear segregation of duties is maintained between programme/project management, procurement and supply chain management, risk management, financial management and accounting as well as auditing and internal oversight. Therefore, segregation of duties is an important basic principle of internal control and must be observed throughout the procurement process.

The different stages of the procurement process should be carried out, to the extent possible, by separate officials with the relevant competencies. As a minimum, two officials shall be involved in carrying out the procurement process. The functions are segregated among the officials belonging to the following functions:

- Procurement Services: For carrying out centralized procurement, including review of technical specifications, terms of reference, and scope of works, market research/surveys, sourcing/solicitation, commercial evaluation of offers, contract award, contract management;
- Substantive Office: For initiating procurement requests on the basis of well formulated technical specifications, terms of reference, scope of works, ensuring availability of funds, technical evaluation of offers; award recommendation; receipt of goods/services; supplier performance evaluation. In respect of decentralized procurement, the segregation of roles occurs between the Project Manager/Allotment Holder and his/her respective Line Manager. For Fast Track procurement, the segregate on occurs between the Project Manager/Allotment Holder and Financial Services;
- Financial Services: For processing payments.

Figure 2 below presents a preliminary “Procurement Process Map”, showing the main stages, stakeholders and their respective roles and responsibilities. During 2014/2015, in preparation for the thematic evaluation of the procurement process in 2015, this process map/ workflow will be further refined and reviewed.



UNIDO Procurement Process Map

Purpose

The purpose of the procurement process assessments is to diagnose and identify areas for possible improvement and to increase UNIDO's learning about strengths and weaknesses in the procurement process. It will also include an assessment of the adequacy of the 'Procurement Manual' as a guiding document.

The review is intended to be useful to managers and staff at UNIDO headquarters and in the field offices (project managers, procurement officers), who are the direct involved in procurement and to UNIDO management.

Scope and focus

Procurement process assessments will focus on the efficiency aspects of the procurement process, and hence it will mainly fall under the efficiency evaluation

criterion. However, other criteria such as effectiveness will also be considered as needed.

These assessments are expected to be mainstreamed in all UNIDO country and project evaluations to the extent of its applicability in terms of inclusion of relevant procurement related budgets and activities.

A generic evaluation matrix has been developed and is found in Annex B. However questions should be customized for individual projects when needed.

Key Issues and Evaluation Questions

Past evaluations and preliminary consultations have highlighted the following aspects or identified the following issues:

- Timeliness. Delays in the delivery of items to end-users.
- Bottlenecks. Points in the process where the process stops or considerably slows down.
- Procurement manual introduced, but still missing subsidiary templates and tools for its proper implementation and full use.
- Heavy workload of the procurement unit and limited resources and increasing “procurement demand”.
- Lack of resources for initiating improvement and innovative approaches to procurement (such as Value for Money instead of lowest price only, Sustainable product lifecycle, environmental friendly procurement, etc.).
- The absence of efficiency parameters (procurement KPIs).

On this basis, the following evaluation questions have been developed and would be included as applicable in all project and country evaluations in 2014-2015:

- To what extent does the process provide adequate treatment to different types of procurement (e.g. by value, by category, by exception)?
- Was the procurement timely? How long did the procurement process take (e.g. by value, by category, by exception)?
- Did the good/item(s) arrive as planned or scheduled? If not, how long were the times gained or were the delays. If delay occurred, what was the reason(s)?
- Were the procured good(s) acquired at a reasonable price?
- To what extent were the procured goods of the expected/needed quality and quantity?
- Were the transportation costs reasonable and within budget. If not, please elaborate.
- Was the freight forwarding timely and within budget? If not, please elaborate.
- Who was responsible for the customs clearance? UNIDO FO? UNDP? Government? Other?

- Was the customs clearance handled professionally and in a timely manner? How long did it take?
- How long did it take to get approval from the government on import duty exemption?
- Which were the main bottlenecks / issues in the procurement process?
- What good practices have been identified?
- To what extent are roles and responsibilities of the different stakeholders in the different procurement stages established, adequate and clear?
- To what extent is an adequate segregation of duties across the procurement process and between the different roles and stakeholders in place?

Evaluation Method and Tools

These assessments will be based on a participatory approach, involving all relevant stakeholders (e.g. process owners, process users and clients).

The evaluation tools to be considered for use during the reviews are:

- **Desk Review:** Policy, Manuals and procedures related to the procurement process. Identification of new approaches being implemented in other UN or international organizations. Findings, recommendations and lessons from UNIDO Evaluation reports.
- **Interviews:** to analyze and discuss specific issues/topics with key process stakeholders
- **Survey to stakeholders:** To measure the satisfaction level and collect expectations, issues from process owners, user and clients
- **Process and Stakeholders Mapping:** To understand and identify the main phases the procurement process and sub-processes; and to identify the perspectives and expectations from the different stakeholders, as well as their respective roles and responsibilities
- **Historical Data analysis from IT procurement systems:** To collect empirical data and identify and measure to the extent possible different performance dimensions of the process, such as timeliness, re-works, complaints, etc.

An evaluation matrix is presented in below, presenting the main questions and data sources to be used in the project and country evaluations, as well as the preliminary questions and data sources for the forthcoming thematic evaluation on Procurement process in 2015.

Evaluation Matrix for the Procurement Process

No.	Area	Evaluation question	Indicators ²⁰	Data Source(s) for country / project evaluations	Additional data Source(s) for thematic evaluation of procurement process in 2015
	Timeliness	<ul style="list-style-type: none"> Was the procurement timely? How long the procurement process takes (e.g. by value, by category, by exception...)? 	(Overall) Time to Procure (TTP)	<ul style="list-style-type: none"> Interviews with PMs, Government counterparts and beneficiaries 	<ul style="list-style-type: none"> Procurement related documents review SAP/Infobase (queries related to procurement volumes, categories, timing, issues) Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners. Interviews with Procurement officers
		<ul style="list-style-type: none"> Did the good/item(s) arrive as planned or scheduled? If not, how long were the times gained or delays. If delayed, what was the reason(s)? 	Time to Delivery (TTD)	<ul style="list-style-type: none"> Interviews with PM, procurement officers and Beneficiaries 	
		<ul style="list-style-type: none"> Was the freight forwarding timely and within budget? If not, please elaborate. 			
		<ul style="list-style-type: none"> Was the customs clearance timely? How many days did it take? 		<ul style="list-style-type: none"> Interviews with PMs, Government counterparts and beneficiaries 	
		<ul style="list-style-type: none"> How long time did it take to get approval from the government on import duty exemption? 	Time to Government Clearance (TTGC)	<ul style="list-style-type: none"> Interviews with beneficiaries 	
	Roles and Responsibilities	<ul style="list-style-type: none"> To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear? 	Level of clarity of roles and responsibilities	<ul style="list-style-type: none"> Procurement Manual Interview with PMs 	<ul style="list-style-type: none"> Procurement related documents review Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners. Interviews with Procurement officers
		<ul style="list-style-type: none"> To what extent there is an adequate segregation of duties across the procurement process and between the different roles and stakeholders? 		<ul style="list-style-type: none"> Procurement Manual Interview with PMs 	
		<ul style="list-style-type: none"> How was responsibility for the customs clearance 		<ul style="list-style-type: none"> Procurement Manual Interview to PMs Interviews with 	

²⁰ These indicators are preliminary proposed here. They will be further defined and piloted during the Thematic Evaluation of UNIDO procurement process planned for 2015.

No.	Area	Evaluation question	Indicators ²⁰	Data Source(s) for country / project evaluations	Additional data Source(s) for thematic evaluation of procurement process in 2015
		arranged? UNIDO FO? UNDP? Government? Other?		local partners	
		<ul style="list-style-type: none"> To what extent were suppliers delivering products/ services as required? 	Level of satisfaction with Suppliers	<ul style="list-style-type: none"> Interviews with PMs 	
	Costs	<ul style="list-style-type: none"> Were the transportation costs reasonable and within budget. If no, please elaborate. 		<ul style="list-style-type: none"> Interviews with PMs 	<ul style="list-style-type: none"> Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners.
		<ul style="list-style-type: none"> Were the procured goods/services within the expected/planned costs? If no, please elaborate 	Costs vs budget	<ul style="list-style-type: none"> Interview with PMs 	<ul style="list-style-type: none"> Interviews with Procurement officers
	Quality of Products	<ul style="list-style-type: none"> To what extent the process provides adequate treatment to different types of procurement (e.g. by value, by category, by exception...)? 		<ul style="list-style-type: none"> Interview with PMs 	<ul style="list-style-type: none"> Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners. Interviews with Procurement officers
		<ul style="list-style-type: none"> To what extent were the procured goods of the expected/needed quality and quantity? 	Level of satisfaction with products/services	<ul style="list-style-type: none"> Survey to PMs and beneficiaries Observation in project site 	
	Process / workflow	<ul style="list-style-type: none"> To what extent the procurement process if fit for purpose? 	Level of satisfaction with the procurement process	<ul style="list-style-type: none"> Interviews with PMs, Government counterparts and beneficiaries 	<ul style="list-style-type: none"> Procurement related documents review Evaluation Reports
		<ul style="list-style-type: none"> Which are the main bottlenecks / issues in the procurement process? 		<ul style="list-style-type: none"> Interviews with PMs, Government counterparts and beneficiaries 	<ul style="list-style-type: none"> Survey to PMs, procurement officers, beneficiaries, field local partners.
		<ul style="list-style-type: none"> Which part(s) of the procurement process can be streamlined or simplified? 		<ul style="list-style-type: none"> Interview with PMs 	<ul style="list-style-type: none"> Procurement related documents review Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners. Interviews with Procurement officers

Annex B: Evaluation Framework

Evaluation criteria	Key evaluation questions	Sources of information	Data collection / analysis method
Relevance	<p>i. To what the process was implemented in compliance with its policy framework and in accordance to best international practice?</p>	<p>UNIDO procurement policy documents Documents of other multilateral organizations UNIDO management staff</p>	<p>Content analysis Surveys Interviews</p>
Effectiveness and sustainability	<p>i. To what extent the process contributes to achieving the overall goals of UNIDO and project goals by supporting Technical Cooperation activities through the provision of goods and services?</p> <p>ii. To what extent goods and services were fit-for-purpose, appreciated by customers and contributed to achieve project goals?</p> <p>iii. To what extent was consideration given to the aspects of reliability, maintainability and life cycle of the goods procured?</p>	<p>UNIDO staff</p>	<p>Surveys Interviews</p>
Efficiency	<p>iv. Were resources appropriately used?</p> <p>v. Was process management efficient?</p> <p>vi. To what extent processes lent themselves to continual improvement?</p> <p>vii. Were procurement plans conducive to meeting project plans?</p>	<p>UNIDO management UNIDO staff SAP database</p>	<p>Surveys Interviews Statistical analysis</p>

Annex C: List of Persons Interviewed

UNIDO staff interviewed

Name	Job title	Organizational Unit
Ms. Claudia Ziniel	Procurement Officer	PSM/OSS/PRS
Mr. Aymen Ahmed	Associate Procurement Officer	PSM/OSS/PRS
Mr. Stefano Bologna	Director	PSM/OSS/OD
Mr. Marlen Bakalli	Industrial Development Officer	PTC/AGR/RES
Mr. Jürgen Reinhardt	Senior Industrial Development Officer	PTC/BIT/CBU
Ms. Anna Schrenk	Project Assistant	PTC/BIT/CBU
Mr. Rodrigo Serpa Fonnegra	Industrial Development Officer	PTC/ENV/MPU
Mr. Guillermo Castella Lorenzo	Unit Chief	PTC/ENV/ECR
Mr. Michael Dethlefsen	Unit Chief	PSM/OSS/PRS
Mr. Peter Ulbrich	Director	PSM/FIN/OD
Mr. Imran Farooque	Chief and Deputy to the Director	PRF/RPF/ASP
Ms. Gloria Adapon	Industrial Development Officer	PRF/RPF/OD
Mr. Philippe Scholtès	Managing Director & Director a.i., PTC/AGR	PTC/OMD
Mr. Karl Schebesta	Unit Chief	PTC/AGR/FSU
Mr. Ludovic Bernaudat	Industrial Development Officer	PTC/ENV/
Mr. Namal Samarakoon	Industrial Development Officer	PTC/AGR/AIT
Ms. Zalfa Sheety	Project Assistant	PTC/AGR/AIT
Mr. Yuri Sorokin	Industrial Development Officer	PTC/ENV/MPU
Mr. Ivan Kral	Industrial Development Officer	PTC/AGR/AIT
Mr. Rana Singh	Industrial Development Officer	PTC/ENE/RRE
Mr. Milan Demko	Industrial Development Officer	PTC/ENV/MPU

Name	Job title	Organizational Unit
Ms. Olga Memedovic Jovicevic	Chief	PRF/RPF/EUR
Ms. Lucia Cartini	Senior Industrial Development Officer	PTC/BIT/ITU
Mr. Jürgen Hierold	GEF Coordinator & Unit Chief	PTC/PRM/CPU
Ms. Fatma Nilgün Tas	Unit Chief and Deputy to the Director	PTC/BIT/CBU
Mr. Pradeep Monga	Director & Spec. Rep. of DG on Energy	PTS/ENE/OD
Mr. Bernard Bau	Industrial Development Officer	PTC/TCB/CIU
Mr. Ralf Steffen Kaeser	Unit Chief	PTC/TCB/QSC
Mr. Célestin Monga	Managing Director	PSM/OMD

Persons interviewed during the field mission to Pakistan

Name	Job title	Organizational Unit
Mr. Esam Alqararah	UNIDO Representative	Pakistan field office
Mr. Bruno Valanzuolo	Chief Technical Advisor	Pakistan field office
Ms. Nadia Aftab	Programme Officer	Pakistan field office
Mr. Mohammad Talha Khan	Programme Assistant	
Ms. Shahina Waheed,	National Project Coordinator	Cleantech-Pakistan
Mr. Muhammad Ahmad	National Project Manager (BIO Mass)	
Mr. Masroor Ahmed Khan	National Project Manager (RE/Energy Efficiency)	
Ms. Sameera Jawaid	Senior Finance and Admin. Assistant (TRTA Project)	
Ms. Elaine Hector	Project Assistant (TRTA Project)	
Ms. Hina Robin	Project Assistant	
Mr. Muhammad Faisal Qureshi	Project Assistant (GEF)	
Mr. Muhammad Zafar Qureshi	Project Assistant (GEF)	

Name	Job title	Organizational Unit
Mr. Zeeshan Zahid	Procurement Manager(GEF)	UNDP
Mr. Zabeeh Ahmad	Assistant Representative	FAO
Mr. Arif Azim	Secretary	Ministry of Industries & Production
Mr. Zarar Haider	Joint Secretary	Ministry of Industries & Production
Mr. Ahsan Paracha	National Project Manager for the Montreal Protocol Project	Ministry of Climate Change
Mr. Iqbal P. Sheikh	Engineering & Management Consultant	
Mr. Hassan Naqvi	Vendor	Printmatic

Annex D: Survey Questionnaire

Please answer each question and provide your views and comments as appropriate.

Please tick as appropriate:

- () I work at UNIDO Headquarters
- () I work at a UNIDO field office

I work at one of the following Branches / Units

- [] PRF/RPF
- [] PRF/RPF/AFR
- [] PRF/RPF/ARB
- [] PRF/RPF/ASP
- [] PRF/RPF/EUR
- [] PRF/RPF/LAC
- [] PTC/AGR
- [] PTC/BIT
- [] PTC/TCB
- [] PTC/ENE
- [] PTC/ENV
- [] PTC/PRM/RMU
- [] PTC/ENV/SCU
- [] PTC/ENV/MPU
- [] PRF/RPF/FLD

Please identify your staff category and level of involvement in procurement:

	Fully involved in procurement work	Involved in substantive steps in the procurement process	Providing support to my peer/supervisor in procurement tasks	Not involved in procurement work
Management staff	()	()	()	()
Professional staff	()	()	()	()
General service staff				

To what extent do the products/services delivered:

	Very good	Good	Fair	Poor	Don't know
Meet project requirements <input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Meet customer requirements <input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Are cost-effective <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

If your response was "Poor", please explain and provide details

How is customer satisfaction with the procured products/services known by UNIDO?

- () Through a complaint system
- () Through direct reporting to procurement
- () Through direct reporting to project management
- () Customer surveys
- () Don't know
- () Other (please provide details)

Please indicate to what extent are:

	In most cases	In some cases	Rarely	Not at all	Don't know
Sustainability issues, e.g. maintainability and life of operation, factored into procurement technical specifications and contracts <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

	In most cases	In some cases	Rarely	Not at all	Don't know
Products/services within the budgeted / planned costs	()	()	()	()	
Transport costs reasonable	()	()	()	()	

If your response was "Not at all", please explain and provide details

Please rate procurement delivery timeliness

- () Very good
- () Good
- () Fair
- () Poor
- () Don't know

Please identify the procurement steps that most often contribute to delays

- [] Development of specifications/TOR
- [] Invitation to bid/ Request for proposals
- [] Request for quotation
- [] Evaluation
- [] Committee on Contracts
- [] Contract award
- [] Manufacturing
- [] Shipping/Delivery
- [] Custom clearance
- [] Government exemption from import duty
- [] Contract closeout
- [] Don't know
- [] Other (please provide details):

Please indicate how UNIDO keeps up with best procurement practice:

- [] Procurement is systematically considered at project design

- Procurement is systematically assessed at project closure / final report
- Procurement is systematically assessed during project/process monitoring
- Procurement standard documentation is systematically updated to incorporate procurement experience
- Don't know
- Other (please provide details):

Please indicate to what extent:

	In most cases	In some cases	Rarely	Not at all	Don't know
Procurement plans exist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Procurement plans match project plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Procurement planning timelines are realistic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If your response was "Not at all", please explain and provide details

To what extent do you use SAP for procurement?

- Fully
- Partially
- Not at all
- Other (please provide details):

Please indicate whether:

	Excellent	Good	Fair	Poor	Don't know
Your satisfaction with SAP procurement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Excellent	Good	Fair	Poor	Don't know
training was:					
Your skills after SAP procurement training were:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The adequacy of your refreshment training was:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If your response was "Poor", please explain and provide details

To what extent Procurement Manual and procedures are:

- Comprehensive, provide adequate coverage
- Can be readily followed
- Provide for different types of procurement, e.g. by value, category, exception (waivers)
- Provide for adequate segregation of duties
- Don't know
- Other (please provide details):

To what extent are you satisfied with the overall performance of the procurement process?

Don't know	1 (Not at all)	2	3	4	5 (Fully)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide additional comments and recommendations on how could procurement be improved

[Submit]

Annex E: Reference Documents and Web-links

Reference Documents

UNIDO, *Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2014*, 2015

UNIDO, Survey: *“What is your SAP/ERP experience? Detailed Report on Findings”*, 2014

UNIDO, *Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2013*, 2014

UNIDO, *Procurement Manual*, 2013

Web-links

<https://www.ungm.org/Areas/Public/pph/>, *UN Procurement Practitioner’s Handbook*, Retrieved 24.09.2015

<https://www.ungm.org/Public/KnowledgeCentre/StatisticalReport>, *Annual Statistical Report on United Nations Procurement*, Retrieved 08.09.15

<https://www.ungm.org>, *United Nations Global Marketplace*, Retrieved 01.09.15

http://intranet.unido.org/intra/Financial_Regulations_and_Rules#Article_IX_International_control, *Financial Regulations and Rules*, Retrieved 03.08.2015



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