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ANNEX -13: Procurement rules by grant beneficiaries in the context of UNDP Eco Future grant contracts

1. PRINCIPLES

If the implementation of an action requires procurement by the beneficiary(ies), the contract must be awarded to the tender offering best value for money (i.e. the tender offering the best price-quality ratio) or, as appropriate, to the tender offering the lowest price. In doing so, the beneficiary(ies) shall avoid any conflict of interests and respect the following basic principles:

- Where the beneficiary does not launch a tender procedure, it shall justify by written means the choice of tenderers that are invited to submit an offer. For purchases under certain values the beneficiary may not be obliged to launch tenders but is still responsible of keeping all relevant documents and still be able to prove that value for money principle is respected.
- The beneficiary shall evaluate the offers received against objective criteria which enable measuring the quality of the offers (technical compliance) and which take into account the price (Financial compliance). In principle, the offer with the highest technical score and lowest price shall be awarded the contract. In any case, the best price against quality or if the purchased item is a standardized supply the lowest price methodology shall be followed.
- The beneficiary(ies) shall ensure that the procurement processes have been:
 - Initiated in sufficient timeline (no last-minute purchases for high costs),
 - Formulated to adhere with best value for money or lowest price depending on the nature of the purchase,
 - Effectively publicised and maximum competition sought,
 - Equal treatment and transparency principles are followed,
 - Impartial and objective evaluation is conducted.
 - Any form of conflict of interest is avoided. Please also refer to section 5.4 of the guidelines for further information.

| Purchase Method | Estimated Cost | Contract needed |
|--|--------------------------|-----------------|
| Direct Purchase (No offers needed for service,expert,supply items) | < US\$2,500 | No ¹ |
| Micro Purchase(at least 3 offers for service,expert,supply items) | ≥ US\$2,500 ≤ US\$20,000 | Yes |
| Open Tender Procedure (to collect at least 3 bids via public announcement for service,expert and supply items) | >USD \$20,000 | Yes |

- The beneficiary(ies) shall keep sufficient and appropriate documentation with regard to the procedures applied and which justify the decision on the pre-selection of tenderers and the award decision.

A detailed guideline on procurement procedures will be made available to beneficiary(ies) who are awarded a UNDP low value grant contract after signature of the contracts.

The general rules for procurement and purchase activities for UNDP low value grant contracts are summarized as below:

The beneficiary(ies) shall ensure that purchases done follow the methodology and thresholds summarized in the below table.

Even if a direct purchasing method is used the beneficiary(ies) are obliged to conduct market search to justify that value for money principle is followed. Copies of these search, screenshots, emails etc. must be documented.

Purchases shall not be artificially divided to use direct or micro purchase. This will be checked and verified by UNDP during visits and approval of reports and at any ad hoc basis.

If UNDP considers that the processes followed are not in accordance with the procurement rules and specified, is questionable or there is a potential conflict of interest, UNDP may take the necessary action, request renewal of the process and/or declare the costs totally/partially ineligible. In this case, UNDP cannot be held responsible in any way for the disruption of the project and for any loss and/or damage that may arise.

The provisions of this Annex apply *mutatis mutandis* to contracts to be concluded by the beneficiary(ies), its (if any) partners and affiliated entity(ies).

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¹ In line with IPAIII Communique, purchases above 15.000 TRY must be accompanied with VAT Exemption contracts. For this requirement please refer to Annex-12 Information on treatment of taxes of the guidelines and link for the IPAIII Communique:
https://www.gib.gov.tr/sites/default/files/uluslararasi_mevzuat/cerceve_anlasmalari/IPA_III/IPA_III_Gen_Teb.pdf