

## Direct contracting

Where the cost of undertaking a competitive procurement process outweighs the benefits, there is some scope for applying non-competitive methods, provided certain conditions are met. Non-competitive methods are known as direct, sole source or single source contracting.

Per UNDP Financial Rule No. 121.05, any of the following are permissible justifications for direct contracting.

Circumstances allowing direct contracting	Examples
i. Where the value of the procurement is below US \$5,000.	<p>This applies to low-value goods, services or small works, or where the time and transaction costs involved in obtaining two offers is not justified or practical.</p> <p>Where time, circumstances and market conditions allow for a fast and easy generation of at least two quotes, competitive selection using the Micro-Purchasing Canvass Form still remains the recommended process for obtaining value for money.</p>
ii. There is no competitive marketplace for the procurement requirement.	<p>a) Where a monopoly exists.</p> <p>Where there are only two players in the market, it is no longer a monopoly, and comparison between the two suppliers/service providers should still be established.</p> <p>b) Where prices are fixed by national legislation and such fixed prices are in effect at the time of the procurement.</p> <p>Where this situation exists, evidence of such legislation must be put on record each time direct contracting is applied.</p> <p>c) Where the requirements involve a proprietary product or service.</p> <p>Where a proprietary product or service is being procured, it must be established why an equivalent non-proprietary product or service will not meet the requirement.</p>
iii. There has been a previous determination or there is a need for standardization.	<p>Compatibility and consistency with existing equipment, systems or technologies may require a specific brand model or type of goods or technology, whereby any change may</p>

	have a direct impact on life cycle or sustainability for the end users.
iv. The proposed procurement is a result of cooperation with other organizations within the UN system.	<p>Cooperation with other organizations of the UN system may be pursued to meet the requirements of UNDP, provided that their regulations and rules are consistent with those of UNDP. Such cooperation may comprise:</p> <ul style="list-style-type: none"> <li>a) Carrying out common procurement actions together; or</li> <li>b) UNDP entering into a contract by relying on a procurement decision of another organization; or</li> <li>c) UNDP requesting another UN organization to carry out procurement activities on its behalf.</li> </ul>
v. Offers for identical requirements have been obtained competitively within the past 12 months, and the prices and conditions offered remain competitive.	<p>In applying this justification, four minimum conditions must be met:</p> <ul style="list-style-type: none"> <li>a) The requirements are identical;</li> <li>b) The previous purchase was a result of competitive process;</li> <li>c) The purchase, not the selection process, was made in the past 12 months; and</li> <li>d) Prices and conditions have remained the same in the last 12 months.</li> </ul>
vi. The proposed procurement contract is for purchasing or leasing property.	A documented comparative process and value-for-money assessment may be waived if the primary criteria for the selection of the property are security and safety of personnel and assets.
vii. There is a genuine exigency for the requirement.	<p>The term 'genuine exigency' refers to situations where goods or services support emergency interventions and therefore cannot be delayed, as this may result in the imminent loss or endangerment of human lives, or excessive damage to valuable properties, or deterrence of basic human needs. This applies during times of natural disaster, epidemics or sudden onset of unforeseen crises.</p> <p>Under no circumstance can 'exigency' be used to justify urgency arising from poor planning, poor oversight or delay in receipt of funding, among other possible circumstances that</p>

	<p>sound and proactive project management could have avoided.</p> <p>Procurement of goods or services that does not meet the 'genuine exigency' criterion will not be considered for an exception to the competitive process, even if the context is an early recovery programme or project.</p>
viii.	<p>The proposed contract is for relevant services that cannot be objectively evaluated.</p> <p>The goods or services required involve cutting-edge technology, or newly developed/not yet marketed methodologies where no possibility of comparison yet exists.</p>
ix.	<p>The Chief Procurement Officer has otherwise determined that formal solicitation will not yield satisfactory results.</p> <p>Documentation of the Chief Procurement Officer to this effect must be on record.</p>