



Michael Dethlefsen



Chief, UNIDO Procurement Services Division

Michael Dethlefsen graduated from the Technical University of Denmark in 1989 and holds a MBA equivalent in International Finance and Foreign Trade from Copenhagen Business School. Having served for almost 10 years in various positions in the financial services industry (Associate Director at Deutsche Bank AG, Principal Banker at the European Bank for Reconstruction and Development (EBRD), Business Development Director at Transamerica Corporation, Private Equity Manager at Templeton Asset Management Ltd), Michael “swapped” tables and moved into the field of procurement and supply chain management. Starting off as acting CEO and Chief Procurement Officer (CPO) at the United Nations Mission in Kosovo (UNMIK), he assumed overall procurement responsibility for all entities of the Provisional Institutions of Self-Government in Kosovo. Subsequent to this, he assumed the role as Chief Procurement Officer at the Organization for Security and Co-operation in Europe (OSCE). Since September 2009, he occupies his present post as Chief, Procurement Services Division at UNIDO.





UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



SUSTAINABLE DEVELOPMENT GOAL 9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

Kigali Amendment – Vienna Talks

Sustainable Procurement To Mitigate Barriers

Michael Dethlefsen
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UNIDO's Procurement Principles



Best value for
money



Fairness,
integrity and
transparency



Effective
international
competition



Interest to
the United
Nations



Best value for money

Selection of the offer that **best meets the end-users' needs** and that presents the best return on investment. Best value for money takes into account quality, experience, life-cycle costs and benefits.



Fairness, integrity and transparency

Competitive processes are **fair, open, and rules-based**. All potential bidders should be treated equally, and the process should feature clear evaluation criteria, unambiguous bidding instructions, realistic requirements, and rules and procedures that are easy to understand.



Effective international competition

Creating **equal opportunity** for potential bidders to participate in the UNIDO procurement activity. All potential bidders are given timely and adequate information on UNIDO requirements, as well as equal opportunity to participate in procurement actions.



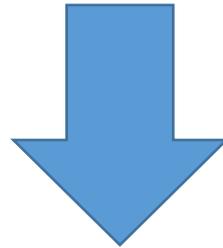
Interest to the United Nations

Any business transactions must conform and **assist UNIDO in meeting its mandate, organizational objectives and goals**, in strict compliance with UNIDO Financial Regulations and Rules and procurement principles.

Effective Supplier Relationships

... require long term commitments...

Selection of a Procurement Strategy



- Choice of the type of arrangement and/or contract form to be concluded;
- Choice of the procurement procedure;
- Type of competition to be adopted to procure the required goods/services/works;

Long Term Agreements (LTAs)

Is a contract between UNIDO and a contractor during an established long period (i.e. up to 3 years, with possibility of extension);

Should be the **first option** to be considered by Project Managers during the requisitioning process;

Procurement Services is responsible for setting up of LTAs (global, regional or national ones), in general by means of open competition.

Benefits and Advantages of Long Term Agreements:



A single bidding exercise over the life of the arrangement **reduces administrative effort;**



Quality assurance and legal requirements will have been dealt with at the outset;



The supplier benefits in terms of **planning stock levels** and continuity of supply;



Helps standardize products, ensuring that required quality/technical standards are consistently met;

A mutually beneficial, **long-term working relationship;**

Lower costs;

Shorter delivery times.

LTA as Option to Expedite the Purchase of Standardized Equipment/Services



Benefits of standardization:

- **Cost reduction:** being able to order larger quantities of standardized equipment/services provides purchasing leverage where buyers can benefit from suppliers' economies-of-scale as well as overhead cost reduction;
- **Flexibility:** Standardized equipment/services make it easier for suppliers to stock commodities and improved availability;
- **Responsiveness:** Standardized equipment/services also lead to improved delivery lead times as better relationships are forged with manufacturers and they are better placed to anticipate orders in the pipeline;
- **Efficiency:** Significantly reduces the number of equipment/services required to be forecast in the planning phase and help improve procurement by reducing the burden and frequency of procuring multiple line items.





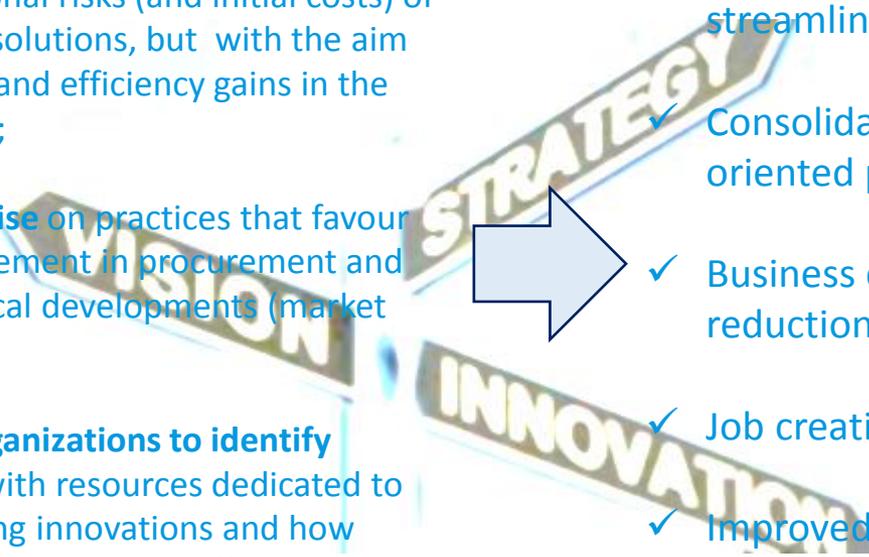
SDG 9 & UNIDO's ISID: The Role of Green Procurement in Driving the Adoption of New Technologies



Setting right priorities by focusing on incentives for taking potential additional risks (and initial costs) of purchasing innovative solutions, but with the aim of gaining cost savings and efficiency gains in the long and medium term;

Knowledge and expertise on practices that favour innovation, risk management in procurement and market and technological developments (market dynamics);

Capability in public organizations to identify innovative solutions, with resources dedicated to identifying, or evaluating innovations and how problems could be addressed more effectively through innovative solutions;

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- ✓ New product development streamlining;
 - ✓ Consolidation of innovation-oriented public procurement;
 - ✓ Business competitiveness and reduction of prices;
 - ✓ Job creation;
 - ✓ Improved efficiency and quality of public services;

Procurement and Innovative Solutions

- Procurement at the right price;
- Balance customer requirements with market readiness and value for money;
- Open competition: Once size fits it all?
- Beware of over-specified requirements;
- Limit your terms and conditions to risks relevant to the type of procurement concerned [time of delivery, warranty, SLA, etc];
- Adapt, as far as you can, to vendor conditions;
- Adapt, as far as possible, to market-ready products and services;
- You get the right prices only when customers and providers understand each other;
- Right size customer versus right size provider;
- How important is it for the provider to have you as a customer?
- Long term relationship;
- Cultural affinities;
- Seasonal trends;
- Economic cycles.

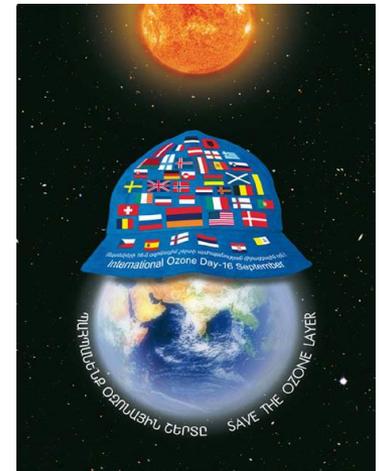


How UNIDO is Driving the Adoption of New Technologies

Technology alternatives in A/C industry in HAT countries



- An open invitation for all technology providers for participation;
- Identification of companies;
- Issuance of MoUs with specific contractual set-up:
 - Type of legal agreement (Zero-value)
 - Patent Technology licensing clauses;
 - Ownership definition;
 - Conditions of operation;
 - Timelines;
 - etc.



How UNIDO is Driving the Adoption of New Technologies (cont'd)

Training services to be developed jointly with the private sector to narrow the gap between the industry demand for skilled workforce and the inadequate supply



Definition of the overall design for cooperation with the private sector and issuance of a call for EoI:

- definition of the co-financing mechanism and level;
- Identification of packages/areas along the value chain to be targeted;
- Innovation requirements specification;



- Co-financing mechanism in place (in-cash or in-kind);
- Increased efficiency in the value chain;
- Exchange of know-how between international and local SMEs;
- Job-creation;
- Introduction of innovative solutions

