



# UN PROCUREMENTS ARE AN OPPORTUNITY FOR THE EXPANSION OF POLISH BUSINESS

National and international procurements are not only the way of spending public money or buying goods and services but also a tool that could, with the right policies and diplomacy, strengthen national business.

**Łukasz Kolano**, Deputy Director UN Secretary General Initiative Global Compact Poland

Each year UN spends more than USD 17 billion on goods and services, and this amount is still rising. It is a vast, diverse and dynamic market. Unfortunately, Polish investors do not participate in it, although they would have a chance to cooperate with trusted and solvent clients. UN Procurements are most popular with Italian, French, Chinese and Russian companies.

Participation in the UN Procurements is a chance for the Polish companies to expand their services or export their goods on new markets. In 2014 Polish companies, institutes and universities delivered goods that collectively costed only USD 1.2 million, which accounted for only 0.01% of the total value of the procurement market. This places Poland in 170th position out of 194 countries. Until 2015 there were only 43 Polish companies that won tenders in this system. It can be disappointing, as knowing the potential of Polish companies, one knows that they can compete worldwide by offering lower prices and deliver good quality goods and services.

From the surveys, it is clear that 79% of small and medium companies are unfamiliar with the procurement process. Polish companies do not take part in the projects that are financed by either UN or the World Bank, although public administration attempts to organise training on this topic.

It is an enormous market, however, and it is necessary to start discovering new opportunities. For example, one of the Polish companies supplied the medical equipment needed in the fight with Ebola virus. Not only price, but also quality make Polish products competitive on the market. Also, the relative proximity of Poland to the areas affected by a humanitarian crisis (as for example Ukraine, Syria, Iraq, Jordan and Turkey) is a factor that can cut logistic costs. Equally important are the cultural similarities and a good record of the economic cooperation.

However, it is important to remember, that the Polish procurement market is open to an international competition on fair grounds, being a part of the EU procurement market. As it is impossible to discriminate or apply regional preferences, quite commonly, foreign companies win Polish tenders, as they have better experience and greater potential. This is understood by the countries that participate in procurements longer than Poland. Disproportion between the amount won by the foreign companies on the Polish market and the procurements won by Polish companies on the EU market is unfavourable for Polish companies. We cannot avoid the international competition but we can specialise in it.

## UN PROCUREMENTS

The United Nations System consists of the United Nations funds and programmes such as World Food Programme (WFP), United Nations High Commissioner for Refugees (UNHCR), United Nations Development Programme (UNDP), United Nations Children's Emergency Fund (UNICEF), and specialised United Nations agencies, especially World Health Organization (WHO), Food and Agriculture Organization of the United Nations (FAO) or the World Bank (WB).

Informally, banks such as Asian Development Bank, African Development Bank, Caribbean Development Bank and Inter-American Development Bank are also a part of the system.

The participation in the UN Procurements is relatively easy. An online UN Market Place platform has been established, where new information about new procurements continuously appear. All legally operating companies, whose products have reasonable price to value ratio, can participate in the proceedings.

Thanks to the system, companies can sign contracts for goods and services with a partner that not only is solvent but also is obliged to pay within 30 days.

UN eagerly buys a service or goods, which are for example well-made or technologically advanced, for a product to be available on a market where such technology is absent. Basically, all goods and services can be a subject of procurements. Even food such as apples, or medical supplies and technologies. Goods and services from the medical sector make up to 21% of the UN Procurements, transport 16%, agriculture and food 11%, building and engineering services 11%, administrative and management services 10% and petrol 4%.

## PROCUREMENT PROCEDURES

The procurement system is based on transparent procedures. During registration investors choose a level that describes their price range. There are 3 levels – basic level with USD 40,000, level 1 that is up to USD 500,000 and level 2 with more than USD 500,000. Procurements most commonly are placed in a form of Request for Quotation (RFQ), Request for Proposal (RFP) or Invitation to Bid (ITB). Besides, procurements can be placed through an Expression of Interest (EOI) and if the value of the contract is high they can be placed with the Invitation to Negotiations. The process depends on the value of the contract as well as on the goods, however it all works according to the principle – the lower the value of the contract the less formal procedure.

UN Secretary General Initiative Global Compact Poland encourages Polish companies to register on the UN Market Place platform, be a part of the UN Procurement system and do not miss the opportunity to expand their business beyond Polish borders. •