Contract and Procurement

- Procurement Overview
- Project Management
- Procurement Strategies and Planning
- Requisitions
- Sourcing of Suppliers
- Procurement Methods
- Solicitation Process
- Evaluation of Offers
- Contract Review Committees
- Award of Contract
- Contract Management
- Management of IC
- Introduction

Procurement Overview

- Procurement Authority
- Principles of UNDP Procurement
- Programme Capacity Assessment & Mgmt Arrangements
- Procurement Fraud and Corrupt Practices
- Private Sector

Related Sub Processes

- Procurement Authority
- Procurement Fraud and Corrupt Practices
- Environmental Considerations
- Procurement Ethics
- Principles of UNDP Procurement
- Programme Capacity Assessment & Mgmt Arrangements

Description

Procurement is the overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset.

Although UNDP retains a decentralized organizational approach to procurement with "Buyers" responsible for the acquisition of goods, civil works and services as required by Business Units, these Procurement Policies and Procedures set forth a comprehensive framework of procurement and its policies and procedures, which are maintained centrally by Headquarters.

The following series of chapters will take you through each phase of the procurement process:

- Procurement Planning
- Requisitions
- Sourcing of Suppliers
- Procurement Methods
- Solicitation and Evaluation of Offers
- Contract Review Committees
- Award of Contract
- Contract Management
- Asset Management

Relevant Policies

- UNDP Financial Regulations and Rules

Procurement Authority

- UNDP Financial Regulations and Rules

<table>
<thead>
<tr>
<th>Responsible Unit</th>
<th>PSO</th>
<th>Focal Point</th>
<th>Ethelind Capuno , alfonso fernandez</th>
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<td>31/1/2008</td>
<td>Approval Date</td>
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<tr>
<td>Summary of changes (one entry per revision)</td>
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</table>

1.0 Description

The Administrator has delegated oversight and approval authority of the procurement function to the Assistant Administrator, Director of the Bureau of Management, as the Chief Procurement Officer (CPO) of the organization.

The CPO has delegated limited authority to Resident Representatives (RRs), Heads of Bureaux and Heads of Out-Posted HQ Units for the award of contracts valued less than USD 100,000. Such contracts valued less than USD 100,000 do not require prior review of the Advisory Committee on Procurement (ACP) and CPO. However, any and all contracts valued at USD 30,000 and above, which seek a Waiver of Competitive Process, must obtain review of the Contract Review Committees and approval of the CPO.

Resident Representatives, Heads of Bureaux and Heads of Out-Posted HQ Units may further delegate procurement authority to their staff to perform procurement activities. The delegation of procurement authority to UNDP staff is granted on an individual basis and requires such authorized personnel to adhere to these Guidelines. Nevertheless, RRs and Heads of Bureaux and Out-Posted HQ Units retain responsibility for the overall efficient and cost-effective procurement.

In addition, RRs and Heads of Bureaux and Out-Posted HQ Units, as well as all staff involved in the procurement function, must ensure compliance with all relevant financial regulations, rules and procurement procedures. In the case of inconsistency or ambiguity in the application of rules, the hierarchy of the following instruments should be applied:

- Article 100 of the Charter of the United Nations;
- UNDP Financial Regulations and Rules;
- Staff Regulations and Rules of the United Nations;
- UNDP Internal Control Framework; and

RRs and Heads of Bureaux and Out-Posted HQ Units must retain records of all staff delegated procurement authority indicating the scope and duration for which the delegation has been authorized.
2.0 Relevant Policies

- UNDP Financial Rule 121.01(a)
- UNDP Financial Rule 121.01(b)
- Article 100 of the Charter of the United Nations
- Staff Regulations and Rules of the United Nations
- UNDP Internal Control Framework

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

Increase in Delegated Procurement Authority

An increase in delegated procurement authority for RRs and Heads of Out-Posted HQ Units may be sought from the CPO upon an assessment of the anticipated monetary volume of the programme to be expended in the subsequent year and the demonstrated capacity of the Country Office (CO) or decentralized unit. Such an increase in authority is neither automatic nor guaranteed although pursuant to the following thresholds:

<table>
<thead>
<tr>
<th>Total Annual Programme Delivery</th>
<th>Delegated Procurement Authority*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than USD 10 million</td>
<td>USD 100,000</td>
</tr>
<tr>
<td>Between USD 10 – 50 million</td>
<td>USD 300,000</td>
</tr>
<tr>
<td>Greater than USD 50 million</td>
<td>USD 500,000</td>
</tr>
</tbody>
</table>

All requests for an increase in delegated procurement authority for RRs should be forwarded to the CPO through the Director of the Regional Bureau. For all Out-Posted HQ Units, all requests shall be forwarded to the CPO through the HQ manager to whom that Unit reports. All requests must be accompanied with the Request Form for Increased Delegation of Procurement Authority.

Prior to any increase of delegated procurement authority, OLPS shall review the CO’s or Out-Posted HQ Unit’s Contracts, Asset and Procurement Committee (CAP) and ACP submissions for the previous calendar year, procurement plan and request forms.

An increase of delegated procurement authority is granted by the CPO for a specified period and may thereafter be extended pursuant to additional justification provided by the CO or decentralized unit. All extensions of procurement authority similarly must be accompanied with the Request Form.

Despite the delegation of increased procurement authority, RRs and Heads of Out-Posted HQ Units must ensure that competitive processes are executed in the procurement of goods, civil works or services valued within their delegated authority. Where standard competitive processes are not feasible, the RR or Head of Out-Posted HQ Unit must adhere to the scope of authority designated in the award letter.

(*) Increases in procurement authority may be higher pursuant to the need of the CO on an ad hoc basis and similarly decreased upon completion or cessation of the emergency or exceptional situation warranting the ad hoc increase. All procurement authority granted in excess of USD 1 million shall be subject to an annual procurement review.

5.0 Inputs

- Past year’s procurement expenditure.
- Past year’s CAP and ACP submissions.

6.0 Deliverables

1. Procurement Action Plan
2. ATLAS Requisition Plan Based on Procurement Plan

7.0 Roles and Responsibilities

- Business Unit - refers to a Country Office, Department or Office.
- Head of Business Unit - refers to the RR, Bureau Director, Director of HQ Unit and Director of Out-Posted HQ Unit.
- Resident Representative - refers to the Head of a Country Office.
- Bureau - refers to an organizational unit within UNDP.
- Out Posted HQ Unit - refers to IAPSO, UNV, Liaison Offices, etc.

8.0 Templates and Forms

Increased Delegation of Procurement Authority

9.0 Additional Info. and Tools

N/A

10.0 Lessons

N/A

11.0 On the Drawing Board

N/A

Principles of UNDP Procurement
1.0 Description

As per UNDP's Financial Regulations and Rules, the following general principles must be given due consideration while executing procurement on behalf of the organization:

- Best Value for Money
- Fairness, Integrity, Transparency
- Effective International Competition
- The Interest of UNDP

2.0 Relevant Policies

- UNDP Fin. Reg. 21.02(a) (May 2005).
- UNDP Fin. Reg. 21.02(b) (May 2005).
- UNDP Fin. Reg. 21.02(c) (May 2005).
- UNDP Fin. Reg. 21.02(d) (May 2005).

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

4.1 Best Value for Money

By and large the core governing principle of UNDP is to obtain the best value for money. In the context of the procurement process, obtaining "best value for money" means selection of the offer, which presents the optimum combination of life-cycle costs and benefits, which meet the Business Unit’s needs.

Best value for money should not be equated with the lowest initial price option rather requiring an integrated assessment of technical, organizational and pricing factors in light of their relative importance (i.e., reliability, quality, experience, reputation, past performance, cost/fee realism and reasonableness). The Business Unit’s parameters can also include social, environmental and other strategic objectives defined in the procurement plan.

The principle of best value for money is applied at the award stage to select the offer that effectively meets the stated requirement. To ensure that best value for money is obtained, the process of soliciting offers and selecting a Contractor should:

- maximize competition;
- minimize the complexity of the solicitation, evaluation, and the selection process;
- ensure impartial and comprehensive evaluation of solicited offers; and
- ensure selection of the Contractor whose offer has the highest degree of realism and whose performance is expected to best meet the Business Unit’s specifications, statement of works or terms of reference.

4.2 Fairness, Integrity and Transparency

As competition is the basis for efficient, impartial and transparent procurement; Business Units are therefore, responsible for protecting the integrity of the procurement process and maintaining fairness in UNDP’s treatment of all Offerors. Sound procurement (i.e., openness of the process; probity; complete and accurate records; accountability; confidentiality) establishes and then maintains rules and procedures that are attainable and unambiguous.

4.3 Effective Competition

The objective of UNDP’s competitive processes as described in these Guidelines is to provide all eligible prospective Offerors with timely and adequate notification of UNDP’s requirements and an equal opportunity to tender for the required goods, civil works and services.

Business Units should ensure that restrictions are not placed on the competitive processes limiting the pool of potential Offerors, as UNDP does not accept procurement awarded to exclusive Contractors or countries, unless otherwise explicitly mentioned in a Donor agreement. However, any such restrictive procurement provisions within an agreement must obtain prior approval of the Chief Procurement Officer.

4.4 Interest to UNDP

In practice, the specific procurement rules and procedures established for the implementation of a programme are contingent upon the individual circumstances of the particular case; however four considerations consistently guide the UNDP's interest for the acquisition of inputs:

- the need for economy and efficiency in the implementation of the programme, including the procurement of goods, civil works and services involved;
- the access to procurement opportunities for all interested and qualified Offerors worldwide, except where other criteria mandated by the Security Council or General Assembly prevails;
- giving all eligible Offerors the same information and equal opportunity to compete in providing goods, civil works or services; and
- the importance of transparency in the procurement process.

5.0 Inputs

N/A

6.0 Deliverables

N/A

7.0 Roles and Responsibilities

- Contractor - refers to providers of goods, civil works and services as required by the Business Unit.
- Offeror - refers to all entities tendering goods, civil works and/or services to UNDP.

8.0 Templates and Forms

N/A

9.0 Additional Info. and Tools

- United Nations General Assembly
- United Nations Security Council

10.0 Lessons

N/A

11.0 On the Drawing Board

N/A
Programme Capacity Assessment & Mgmt Arrangements

1.0 Description

The administration and implementation of UNDP-supported programmes and projects are referred to as management arrangements. Designed to ensure that the expected results are achieved through the effective and efficient use of UNDP resources, management arrangements designate the policies and procedures to be followed. Under the applicable arrangement, the implementing partner (or institutions) managing the programme or project establishes mechanisms to track progress towards results and associated budget. UNDP arranges for its support to programmes and projects in one of the following four implementing partners:

- Government or National entities;
- Non-governmental organizations (NGO);
- UN Agencies; or
- UNDP itself.

2.0 Relevant Policies

- UNDP Fin. Reg. 16.04(a) (May 2005).
- UNDP Fin. Reg. 16.05 (May 2005).
- UNDP Fin. Reg. 17.01(May 2005).
- UNDP Fin. Reg. 17.02 (May 2005).
- UNDP Fin. Reg. 17.03(b) (May 2005).
- UNDP Fin. Reg. 17.05 (May 2005).
- UNDP Fin. Rule 117.02(b) (May 2005).
- UNDP Fin. Rule 117.03 (May 2005).
- UNDP Fin. Rule 121.02 (May 2005).

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

Upon the designation of which management agreement to employ, the implementing partner undertaking the programme or project arranges for the procurement of inputs and further implementation. The entity responsible for UNDP-funded inputs is therefore accountable for their quality, timeliness, effectiveness and efficient fund utilization.

National execution (NEX), which refers to management by a governmental entity, is employed where adequate capacity exists in the Government to undertake the functions and activities of the programme or project. Under NEX, the implementing partner may follow its own procurement procedures provided they conform to international standards consistent with these Guidelines. If however, UNDP is signatory to contracts with Contractors at the request of the Government, UNDP policies and procedures, as set forth in these Guidelines, prevail and must be executed in full compliance. The guidance and procedure for undertaking procurement under National Execution and the Framework for Using National Procurement may be accessed below:

- NIM – Procurement Section 2011
- NIM Framework for Using IP Procurement System

NGO execution, on the other hand seeks to collaborate with national and international NGOs retaining adequate personnel, financial status, experience, capacity and expertise to carry out activities and achieve results on behalf of UNDP. Where it is decided that the implementation of activities will be carried out by a NGO, actions are limited to the provision of grassroots services. However, if the NGO retains satisfactory procurement capacity in compliance with international standards, the NGO may apply its own procurement procedures, otherwise, these Guidelines prevail.

Agency execution entails management by UN Agencies where activities require technical sector expertise or specific management capacity and access to international networks; the government lacks the required management or substantive capacity; or the parties prefer agency execution for other reasons. Under agency execution, the UN Agency may plan and carry out the programme or project activities applying its own procurement procedures.

Lastly, direct execution (DEX), which refers to management solely by UNDP in special development situations, is limited to programmes and projects where it has been demonstrated essential to safeguard full responsibility and accountability of UNDP programme activities. For all DEX projects, these Guidelines shall apply to all procurement activities.

5.0 Inputs

N/A

6.0 Deliverables

N/A

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms

N/A

9.0 Additional Info. and Tools

- Results Management Policies and Procedures.
- UNCTAD Public Procurement Principles.
- WTO Public Procurement Principles.

10.0 Lessons

- The term "execution" refers to the overall ownership and responsibility of programme activities and accountability for results.
- The term "implementation" refers to the management and delivery of activities to achieve specific results.

11.0 On the Drawing Board

N/A

Procurement Strategies and Planning
1.0 Description

Procurement is an important function to ensure that UNDP meets its organizational goals. While Procurement is a support function for the organization, it is nevertheless a core function and critical to enhancing programme/project delivery. UNDP does not conduct procurement in isolation, but rather as part of the process of achieving development project outcomes. Therefore all UNDP procurement activities are framed in the context of UNDP programmes and projects.

Understanding procurement as a managerial discipline (and not an administrative one) implies the need to acquire and enhance certain managerial skills and tools, including:

- Procurement Risk Management
- Procurement Strategies Development
- Procurement Planning

Understanding...

<table>
<thead>
<tr>
<th>What do we procure?</th>
<th>In which markets do we operate?</th>
<th>What are the associated risks?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend Analysis</td>
<td>Market Analysis</td>
<td>External, internal, project risks</td>
</tr>
</tbody>
</table>

We will develop...

<table>
<thead>
<tr>
<th>Risk Procurement Management</th>
<th>Procurement Strategies</th>
<th>Procurement Plans</th>
</tr>
</thead>
</table>

When we talk about procurement, is it necessary to broaden the concept to include Supply Chain Management (SCM), as procurement is one of the elements of the Supply Chain.

Management of the supply chain also includes:

- Product selection
- Forecasting or quantification
- Procurement, including Quality Assurance
- Inventory management, including Storage (if applicable)
- Distribution (if applicable)
- Return (if applicable)

As a working principle, we always need to take into consideration all steps of Supply Chain Management (SCM) when analyzing procurement risks, defining procurement strategies and planning. The complexity and length of the supply chain will vary from project to project.

Supply Chain Management risk analysis, procurement strategies development and planning are essential tools to ensure that procurement activities support project outcomes, are conducted in a timely manner and at a reasonable cost. Early and accurate planning is critical to avoid last minute procurement, which is contrary to open, efficient and effective procurement.

When does (1) procurement risk analysis (2) procurement strategies and (3) procurement planning start?

SCM cycle is an integrated part of the project cycle, and therefore needs to be aligned and synchronized with other project activities in order to contribute to achieving identified outcomes. To this end, the SCM cycle cannot run in isolation. On the contrary, it must be integrated into the overall project cycle.

This implies by definition the need for a constant interaction between operations and programming.

In the project context, SCM risk assessment and procurement strategies development and planning should start as early as the project definition stage.

At this point, important questions will need to be addressed, including:

- What will be the implementing modality? Who will be responsible for procuring and managing inputs?
- What are the existing risks? Are there risks associated with the nature of the products or services to be acquired? Are risks associated with the markets, the environment or the political context?
- What is the best procurement strategy for achieving the programme/project goals and to mitigate risk?
- What is the Procurement Plan and what are the associated resources?
- What are the main acquisition activities to be conducted that will contribute to the identification of project outputs?
- What is the budget required to achieve identified outcomes? All required activities, either goods to be procured (i.e., ballot boxes for an electoral project) or services (i.e., individual consultants to develop specifications) must be budgeted.

What are the benefits of this approach?

Together, procurement risk assessment, procurement strategies development and procurement planning serve as a bridge to cover the gap between programme and operations. They are also critical to programme delivery. Benefits of this approach include:

- Best value for money
- Timely procurement
- Avoid unnecessary and unjustifiable emergencies
- Better allocation of existing resources
- Sufficient time to fully explore alternative procurement approaches
- Possibility to aggregate demand

What are the success criteria?

- Joint Planning between programme and procurement in the early stages
- Good flow of communication
- Understanding of the procurement requirements
- Understanding of the market and associated risks
- Live process with structured revisions and feedback mechanisms

**Types of Planning**

- Consolidated planning
- Individual planning

**Consolidated Planning**

Based on the UNDP decentralized structure, consolidated procurement plans will be developed at different levels, including Corporate, Business Unit and Country Office.

All Business Units and Country Offices shall develop Consolidated Plans. They will normally be prepared annually, though it is a good practice to review them regularly.

Analysis of the consolidated Procurement Plan provides an opportunity to identify economies of scale and better uses of resources, providing an overview of the scale of the procurement activities.
Individual planning

Procurement planning will also take place at the project level or even at the activity level, depending on the complexity of the activity and the number of interrelated procurement actions. A Requisition Plan shall be developed at the project definition stage. It must be shared with the Procurement Unit. All “Significant Purchases” of a Requisition Plan (definition is provided in Section 4.2) are subject to the development of an Individual Procurement Plan.

2.0 Relevant Policies

- UNDP Fin. Rule 121.03(a) (May 2005)

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

As SCM (and procurement in general) is a sub-process of the project cycle, different actions will need to be taken at each stage of this cycle.

The UNDP Project Management Cycle includes the following steps:

- Justifying the project
- Defining the project
- Initiating the project
- Running the project
- Closing the project

Below are some of the questions and issues that must be considered at different stages of the project.

<table>
<thead>
<tr>
<th>Project Cycle</th>
<th>Procurement Cycle/SCM</th>
<th>Main Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justifying a project</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Defining a project</td>
<td>Identify internal procurement resources, Identify external resources (if required), Identify procurement risks and procurement strategies, Product/service selection or identification, Forecasting/Quantification, Budget, Identify SCM responsibilities, Assess SCM implementing partner capacities, Develop PROCUREMENT PLAN, Identify asset management strategy</td>
<td>PRODOC: PROCUREMENT RISK ASSESSMENT, PROCUREMENT STRATEGIES (including sourcing strategies), REQUISITION PLAN, SUPPLY CHAIN MANAGEMENT PLAN (if applicable)</td>
</tr>
<tr>
<td>Initiating a project</td>
<td>Development of a TRANSACTIONAL PROCUREMENT PLAN</td>
<td>TRANSACTIONAL PROCUREMENT PLAN</td>
</tr>
<tr>
<td>Running a project</td>
<td>Monitor and review Procurement Plan or the Procurement and Supply Management Plan, Source Suppliers, Select Suppliers, Award and Contracting, Monitor performance and manage contracts, Depending on the SCM obligations identified during the definition of the project, UNDP will be responsible for storage, inventory management and distribution</td>
<td>MONITORING AND ADJUSTMENT OF THE TRANSACTIONAL PROCUREMENT PLAN, SUPPLY CHAIN MANAGEMENT PLAN</td>
</tr>
<tr>
<td>Closing a project</td>
<td>Close project, Dispose/transfer assets, Identify procurement lessons learned</td>
<td></td>
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</tbody>
</table>

Procurement Risk Assessment, Procurement Strategies Definition and Planning shall be integrated at the programming stage and not as a back-end process.

4.1 PROCUREMENT RISK ASSESSMENT AND RISK MANAGEMENT

UNDP needs to proactively and systematically monitor and manage risks (defined as both threats and opportunities). Among other risks, UNDP must identify and manage any risks associated with the conduct of its procurement activities. UNDP must not only be aware of and monitor the procurement risks it faces, but it must also proactively anticipate and assess those risks. This chapter deals exclusively with "transactional" procurement risks. Therefore it does not elaborate on Corporate Procurement risks, which are part of UNDP Corporate Procurement Strategies.

UNDP has adopted an Enterprise Risk Management strategy which provides the frame to deal with all risks, including procurement risks. For further information about ERM at http://home.undp.org/erm/.

- 1. Risk Identification
  What are the key risks and opportunities?
- 2. Risk Assessment
  How does the potential impact relate to our risk tolerance? What is the likelihood of a risk event and what would be the impact?
- 3. Risk Prioritization
  What are the most critical risk issues that demand our attention?
- 4. Taking Action
  What is the best course of action? What are our strategies? How will we know that our mitigating actions are effective?
- 5. Monitoring and Reporting
  Are action plans being implemented? Are they effective in mitigating risk? How are we monitoring their implementation?

A number of procurement risks must be taken into consideration when defining procurement strategies. These can be clustered in three main groups:

- Environmental risk, including the political environment, natural environment or delivery infrastructure environment, among others
- Programme risk, including but not limited to the risk of operating in the market, the complexity of the Supply Chain Management, or the risk associated with the nature of the service or goods to be acquired, among others
- Implementation risk, or risk associated with the implementation unit capacity

In the table below you will find some examples of potential risks and mitigation activities. Please note that this list is for reference purposes only and is not exhaustive.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Possible Consequences</th>
<th>Possible Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical procurement activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to secure ongoing supply critical to the organization (e.g., elections)</td>
<td>Failure to achieve key organizational results, Total costs of procurement too high</td>
<td>Identify alternative sources and extra due diligences to check he capacity of suppliers, Plan in advanced, Work closely with beneficiary/ partner to be aware of rapid changes of needs, Apply contractual penalties and remedies</td>
</tr>
<tr>
<td>Selection of procurement Strategy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 4.2 DEFINITION OF TRANSACTIONAL PROCUREMENT STRATEGIES

The relative expenditure of goods and services is defined as their cost relative to the total purchasing expenditure of the business unit or agency.

#### Requirements definition
- **Inadequate specifications/TOR/SOW**
  - Insufficient number of responses
  - Difficulty in evaluating competing offers
  - Selection of inappropriate supplier
- **Insufficient lead-time**
  - Claims of unethical or unfair dealings
- **Delay in project implementation**
  - Procurement process shortcomings
  - Higher prices
- **Lack of planning**
  - Inadequate supplier response
  - Procurement process shortcomings
  - Higher prices
- **Contract disputes**
  - Failure or partial failure to satisfy the contract needs
- **Inadequate supplier response**
  - Procurement process shortcomings
  - Higher prices
- **Procurement Review and Award**
  - Early involvement of procurement officers in project implementation
- **Delays**
  - Legal actions

#### Selection of inappropriate procurement strategy
- **Inadequate or inappropriate results**
  - Not achieving best value for money
  - Damage project implementation
  - Agree on desired outcomes/objectives and have a clear understanding of the project objectives

#### Planning
- **Delay in project implementation**
  - Inadequate supplier response
  - Procurement process shortcomings
  - Higher prices
- **Lack of planning**
  - Inadequate supplier response
  - Procurement process shortcomings
  - Higher prices
- **Insufficient lead-time**
  - Claims of unethical or unfair dealings
- **Delay requisitions to create false emergencies**
  - Early involvement of procurement officers in project implementation
- **Contract disputes**
  - Failure or partial failure to satisfy the contract needs

#### Sourcing
- **Wrong approach to market**
  - Inadequate or inappropriate supplier response
  - Higher prices
  - Selection of inappropriate approach
- **Identify wrong sourcing strategy or do not have sourcing strategy**
  - Inadequate or inappropriate supplier response
  - Limit competition
- **Misrepresentation of facts by potential suppliers**
  - Claims of unethical or unfair dealings
  - Breach of contract
- **Outdated information on potential suppliers**
  - Inadequate supplier response
  - Limit competition
- **Advertisement of procurement notices in inappropriate media**
  - Lack of sourcing strategy
  - Limit competition

#### Use of inappropriate evaluation criteria
- **Provisions of inadequate information**
  - Inadequate or inappropriate supplier response
  - Limit competition
  - Limitation of offers received
  - Insufficient responses
  - Offer of goods/services that do not meet needs
  - Difficulty in evaluating competing offers
- **Inadequate specifications/TOR/SOW**
  - Failure or partial failure to satisfy the contract needs
  - Internal support (consultants) to develop specific strategies/TOR / SOW linked to clear deliverables and target time

#### Contract management
- **Unstructured or nonexistent contract management function**
  - Not achieving best value for money
  - Higher performance of suppliers
  - Delivery delays
  - Possible cost variation

#### Contract approval not obtained
- **Delay in the contract award**
  - Need to re-bid (timely cost)
- **Undermine business community trust**
  - Need to re-tender (timely cost)

#### Procurement Review and Award
- **Delay in the contract award**
  - Need to re-bid (timely cost)
- **Undermine business community trust**
  - Need to re-tender (timely cost)

#### 3.2 DEFINITION OF TRANSACTIONAL PROCUREMENT STRATEGIES

First and foremost, any procurement activity needs to be aligned with the UNDP Strategic Plan. Please familiarize yourself with the Strategic Plan by visiting [http://intra.undp.org/results strategic_plan.shtml](http://intra.undp.org/results strategic_plan.shtml).

All procurement activities require procurement strategies. However, activities designated as "significant purchases" will require special attention. We can define significant purchases as those that are of high relative expenditure and/or for which supply is difficult to secure.

The relative expenditure of goods and services is defined as their cost relative to the total purchasing expenditure of the business unit or agency. For UNDP, a transaction of 100,000 USD or more is considered a significant purchase.
In these cases, it is important to analyze each step of the SCM, identify roles, responsibilities, existing infrastructures, potential bottlenecks and actions to be taken.

Registration support or electoral assistance support, in which the quantification process, logistics, storage, transportation and distribution are highly demanding and critical for the overall project success.

For some projects with an extended and complex SCM, we recommend the development of a SCM Plan before moving into the development of the transactional Procurement Plan. An example of such a project is voter

At the planning stage, it is always necessary to take into consideration the entire SCM, including the project requirements and UNDP’s roles and responsibilities in terms of the SCM.

4.0 Inputs

N/A
6.0 Deliverables
N/A

7.0 Roles and Responsibilities
N/A

8.0 Templates and Forms
- Requisition Plan
- Procurement Action Plan

9.0 Additional Info. and Tools
- Advisory Committee on Procurement
- Global Fund Procurement
- Long Term Agreements

10.0 Lessons
N/A

11.0 On the Drawing Board
N/A

Requisitions
Contract and Procurement > Requisitions

Procurement of Goods, Civil Works & Services
Contract and Procurement > Requisitions > Procurement of Goods, Civil Works & Services
Last published: Oct 25, 2011 at 15:22 GMT

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<tbody>
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<td>31/1/2008</td>
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</tr>
<tr>
<td>Last Revision Date</td>
<td>Applicability</td>
<td>all staff</td>
<td></td>
</tr>
</tbody>
</table>

1.0 Description
A requisition should include, at a minimum:
- detailed description of goods, civil works or services sought;
- quantity of inputs to be procured;
- unit of measure;
- required delivery/engagement date;
- delivery location or location of civil works/services to be performed;
- estimated price or cost; and
- any additional information (i.e., standardization, preferred method of shipment).

In the case of goods, the description should include all technical specifications; norms and standards; functional guarantees; inspection requirements; etc. In the case of civil works, a requisition should describe the statement of works; quality standards of different materials to be used; handling of defects; etc. Lastly in the area of services, requisitions should provide the terms of reference; qualification and experience of consultants required; output of reports; etc.

2.0 Relevant Policies
UNDP Fin. Rule 121.03(d) (May 2005).

3.0 Flowchart
4.0 Procedures

4.1 Procurement of Goods

Specifications, or the description of physical or functional characteristics of tangible goods or civil works must provide all relevant terms and criteria required. They should be generic, in nature to maximize the broadest possible competition. Specifications may be stated as a hybrid, or combination of the following types:

- **Functional**: defines the task to be performed in conjunction with various design attributes (i.e., cost, weight, environmental impact, reliability). A functional specification focuses on what a product is to do and rather than what materials and/or dimensions should be employed. (e.g., recycled laser copy paper, smooth, uniform surface for fine resolution, 88 brightness rating for contrast, use in a variety of printers and copiers, or offset printing)

- **Performance**: focuses on the function of the product or service required. This ideal specification is built around a description of what is to be achieved rather than a fixed description of how it should be done. To assure the quality, a reference to the concerned product standards (i.e., ISO) and environmental requirements (i.e., Energy Star, Eco-label), should be made. (e.g., fine tip dry erase markers; durable tip will not soften or spread; quick-drying ink; wipes off easily; certified non-toxic by marker industry (AP) standards)

- **Design**: defines exact details of a good (i.e., the physical attributes, materials to be used, power input and output, the manufacturing processes required, or in the case of a service, the working methods to be used). Due to its uniqueness, design specifications may limit competition because of differences in engineering practices. Where specifications require the use of drawings, blue prints or white papers, all dimensions stated must utilize the metric system. (e.g., construction of an overhead transmission tower requires details of the type of transmission line (e.g., voltage, circuit, conductor), electrical clearance, sag of conductor, foundation load, grade and size of steel structure, thickness of zinc coating)

- **Brand or Trade name**: in the drafting of any of the aforementioned specifications, the use of brand names, or similar references must be avoided. If it is necessary to cite a brand name, the words "or equal" shall be included. (e.g., Dell® Desktop Computer or equal). The term "or equal" means that the desired product is of comparable quality and/or capable of performing the intended function. For the procurement of small quantities, brand purchasing is acceptable.

- **Sample**: only where the above-mentioned methods to describe a good are not feasible, samples may be used to facilitate the procurement of goods.

4.2 Procurement of Civil Works

The Statement of Works (SOW) should describe the civil works in sufficient detail to identify the location, nature and any complexities involved. The term 'civil works' generally includes all types of civil, mechanical, electrical or other engineering services (other than consulting services) as well as the supply of construction materials and equipment.

The Business Unit should state the expected construction period and time in weeks or months, or where alternative time schedules are permitted, the range of acceptable construction periods. In addition, the Business Unit should provide additional information on the topography, geotechnical conditions, access to site, transportation and communications facilities, project layout, services to be provided by UNDP, method of measurement and payment of completed civil works.

4.3 Procurement of Services

The Terms of Reference (TOR) on the other hand, should define the work required and respective responsibilities of a Contractor either to design the equipment to be procured or to provide services. Adequate and clear TOR are imperative for an understanding of the assignment, which minimizes any risk of ambiguities during the preparation of solicitation documents, negotiations and execution of services. TOR should include:

- background information on the project;
- objectives of the assignment;
- scope of work, consistent with the budget;
- deliverables (i.e., output) that must be submitted for approval;
- period of performance and the review/approval time required;
- selection criteria, qualifications and performance or other standards the Contractor must fulfill;
- provisions for monitoring and evaluation of performance; and
- if applicable, a detailed list of all inputs and services which will be provided to the contractor by UNDP or where applicable by the government counterpart, in order to perform the contract.

5.0 Inputs

Procurement Plan

6.0 Deliverables

- Specifications
- Statement of Works
- Terms of Reference
- ATLAS Requisition

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms

Model Terms of Reference

9.0 Additional Info. and Tools
Sourcing of Suppliers

Market Research
Sourcing
Vendor Sanction Procedures
Sanctions
Disclosures
Common Actions
Monitoring
Exigency and Exceptions
Rehabilitation
Miscellaneous

Description

Essential to effective competition and the promotion of fairness, integrity and transparency, UNDP is committed to an inclusive approach towards procurement, encouraging widespread sourcing. Therefore, the first step in sourcing Vendors or potential Suppliers is to identify whether there exists a market to provide the goods, civil works or services we require, then further to determine who are the key players within the existing market.

Relevant Policies

UNDP Financial Regulations and Rules

Market Research

The first step in sourcing Suppliers is often market research, particularly if the product or service has not previously been procured. Business Units may obtain names of potential Suppliers through registration of prospective suppliers at UNGM and/or business seminars, where applicable; an expression of interest for commonly procured goods or services; or prequalification.

To assist Business Units in this initial phase, the following databases and venues are available:

- United Nations Global Marketplace, a supplier database available to all UN procurement personnel;
- Procurement Support Office, Bureau of Management, UNDP;
- DACON, a database of consulting companies maintained by the World Bank and the Inter-American Development Bank;
- Consultations with other UN organizations or agencies who have purchased similar inputs;
- Thomas Register, a comprehensive online resource for companies and products manufactured in North America;
- Kompass System, a widespread database with more than 23 million references to the products and services of over 1.8 million companies;
- ProSavvy, an online community of consulting and professional service providers;
- Trade publications, directories, supplier catalogues and professional journals; and
- Other procurement related websites.
4.0 Procedures

4.1 Registration of Prospective Suppliers

International Suppliers who wish to be considered for UNDP procurement contracts are able to register with the United Nations Global Marketplace (UNGM). UNGM, formerly The United Nations Common Supply Database (UNCSD) is a registry of Suppliers available to all UN procurement personnel, and is the main supplier database of various UN organizations, including UNDP. UNDP permits Business Units to take full advantage of improved search facilities, allowing for greater accuracy in identifying the appropriate Suppliers. Other features include, short-listing and data export facilities and a discussion forum. Registration with the UNGM, however, is not mandatory, and UNDP contracts may be awarded to non-registered Suppliers.

Aside from registration on UNGM, COs are encouraged to maintain a roster of qualified Suppliers to accommodate the specific needs of the country programmes.

4.2 Appraising Suppliers

Evaluation of New Suppliers

Once a roster of potential qualified Suppliers has been generated, Business Units should begin evaluating each Supplier's capabilities and resources to successfully perform on a contract, if awarded. Key parameters, which guide Supplier appraisal, include:

- Financial strength, where the quick ratio tests the company's financial strength and liquidity. The quick ratio calculates a company's liquid assets in proportion to its liabilities. The higher the ratio is, the higher the Supplier's level of liquidity, which typically corresponds to its financial health. The optimal quick ratio is 1 or higher. To evaluate the creditworthiness of the Supplier, current assets, or assets, which can be converted into cash immediately, are divided by its current liabilities. The equation however specifically excludes inventory. For high value contracts (exceeding USD 1 million) and/or technically complex products, the Business Unit should obtain the Vendor's profile (i.e., financial statements, annual report) and is further advised to contact credit rating and reporting agencies (i.e., Dunn and Bradstreet, Moody's Investor Services) for reports on the company's production facilities, financial and management status.

- The commitment of Contractor to comply with UNDP General Terms and Conditions; 

- Compliance with national or international quality standards for the product offered, or evidence of national and international acceptance of its services; 

- Production capacity to provide after-sales-service for the goods or services provided; 

- Environmental compliance (i.e. ISO 14000 Certification); and 

- Participation in the UN Global Compact. To advance responsible corporate citizenship, the Global Compact, a voluntary corporate citizenship initiative sets forth two objectives: (1) mainstream the ten principles in business activities around the world; and (2) catalyse actions in support of UN goals. (*)

Expression of Interest

An expression of interest (EOI) is a cost-effective method to continually update a Country Office's supplier database where procurement planning has forecasted future requirements. An EOI is a written communication prepared by Supplier providing information about its products, services, resources, qualifications and experience. A Business Unit should solicit an EOI by publishing a notice on the websites of the CO, UNDP and/or UNDB. This informal process attributes selection based on the assessment of data provided by Suppliers. Depending on the complexity of goods, civil works or services to be procured, roughly two to four weeks should be provided for responses prior to short-listing.

Prequalification of Suppliers

Business Units may alternatively prequalify potential Suppliers, which meet established criteria to ensure that offers are sought only from Suppliers with requisite resources and experience. Prequalification does not preordain a contract. The process however ensures that solicitation documents are extended only to those with adequate capabilities and resources.

Advertisements and Invitations for Prequalification should provide a brief description of the goods, civil works and/or services to be procured; contract conditions; and eligibility requirements. Business Units must allow adequate time for potential Suppliers to prepare responsive applications for the specific procurement. The period between the notice of Invitation to Prequalify and the last date of return for completed applications should be no less than two weeks.

In addition, it is advisable to obtain a prospective Supplier's annual reports, catalogues, samples or any other tangible evidence, which would help establish the applicant as a dependable and reliable Supplier. Once a list of qualified Suppliers has been formulated, successful applicants should be notified and requested to confirm their intention to submit offers.

Prequalification is generally recommended for large and complex contracts (i.e., involving USD 100,000 or more for civil works or the procurement of professional services).

(*) Although the Global Compact is not a regulatory instrument, it relies on public accountability and the ethics of companies to pursue projects and business operations that advance the principles of human rights, labour, the environment and anti-corruption. Participation in the Compact indicates to the Business Unit its commitment to conduct business in an ethical and transparent manner.
9.0 Additional Info. and Tools

- United Nations Global Marketplace
- Procurement Support Office
- DACON
- Thomas Register
- Kompass System
- Prosavvy
- UN Global Compact

10.0 Lessons

**Cash + Account Receivables**

Quick Ratio = ________________

Current Liabilities

The quick ratio evaluates the financial health of Suppliers, to provide reasonable assurance whether a business can pay off its financial obligations, both short-term as well as long-term, and will not be forced into bankruptcy. A firm with a low quick ratio may be more likely to delay payments because its assets are tied up elsewhere. The following exhibit illustrates the calculation of the quick ratio:

**ABC Company**

Balance Sheet Ending 31 December 20XX

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities and Shareholder’s Equity</th>
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</thead>
<tbody>
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<td>Current Assets</td>
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<td>Accounts Payable</td>
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<td>Inventory</td>
<td>Accounts Payable</td>
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<td>Total Current Assets</td>
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<td>Total Liabilities</td>
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</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>Shareholder’s Equity</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>Common Stock</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>Total Equity</td>
</tr>
<tr>
<td>Total Assets</td>
<td>Total liabilities and Equity</td>
</tr>
</tbody>
</table>

Cash (10,000) + Account Receivables(35,000)

Quick Ratio (1) = ------------------------------

Current Liabilities (45,000)

Related to the quick ratio is the net working capital of the Supplier, or the difference between Current Assets and Current Liabilities, representing the available liquid assets. In proportion to the value of the contract, the net working capital indicates whether Supplier retains accessible assets to commence on the contract.

11.0 On the Drawing Board

- e-Procurement ATLAS Module
- Strategic Sourcing ATLAS Module

**Procurement Methods**

Related Sub Processes

- General Principles, Definition and Overview of Standard Procurement Methods
- Types of Competition
- Micro-Purchasing and Request for Quotations
- Invitation to Bid and Request for Proposals
- Direct Contracting
- Combined and/or Complex Requirements

Description

Business Units can use a variety of procurement methods for the solicitation and tendering of goods, civil works and/or services. The method selected depends upon a number of factors including the type of good or service being procured as well as its value.

The overall objective of the solicitation and tendering processes is to procure high quality goods, civil works or services as economically as possible. For UNDP, this objective is best achieved through the transparent use of public funds and effective competition, which affects the choice of procurement method and the documentation and procedures that are used.

**Relevant Policies**

- UNDP Financial Policies and Procedures
Solicitation Process

1.0 Description

Upon a determination of which procurement method (i.e., RFQ, ITB, RFP) to employ, solicitation documents assist Business Units in obtaining qualified offers for the intended programme. Although the details and complexity of the solicitation documents vary according to the nature and value of the requirements they contain all information necessary to prepare a bid, proposal or quotation that should provide the best value for the required inputs.

2.0 Relevant Policies

- UNDP Financial Regulations and Rules

3.0 Flowchart

solicitation process.gif

4.0 Procedures

4.1 While drafting the solicitation documents, Business Units should consider the following scenarios for the required inputs:

- **Lump-Sum Offers** – when the bidding document covers a large number of low-cost line items, in respect of which separate contract awards would not be advantageous to UNDP for logistical reasons, offers may be invited on a lump-sum basis. In such cases, Offerors may be permitted to respond on a per-item basis or an 'all or nothing' basis. UNDP, upon specific language asserted in the solicitation documents, may also retain the option to convert lump-sum offer prices into pro-rata unit prices.

- **Grouping of Similar Items** – similar items should always be grouped, whether or not a bid requests such grouping. However, if a bid requests only a proposal, or if the offeror requests a per item basis, then the UNDP may group similar items.

- **Changes in Quantity** – where the exact quantity required is not known in advance, an estimated quantity may be indicated on an invitation. The estimate however must be accompanied with a provision that the UNDP reserves the right to increase or decrease the indicated quantity by 25 percent.

4.2 Language

Solicitation documents and offers shall be prepared in one of the following working languages, selected by the Business Unit: English, French or Spanish. The contract signed with the selected Supplier shall be written in the language so selected for the solicitation documents, and this language shall be the one that governs the contractual relations between the Business Unit and the Supplier.

4.3 Letter of Invitation

A letter of invitation to solicit offers should be drafted on UNDP's letterhead and include:

- the date and place of submission and bid or proposal opening;
- a list of supporting documents issued; and
- reference to the specific quotation, bid or proposal and title;
- a list of documents required to form a complete tender;
- notice to Offerors that offers may be rejected unless substantially responsive. A substantially responsive offer is one that conforms to ALL the terms, conditions and specifications included in solicitation documents, without material deviations or reservations.

4.4 Instructions to Offerors

The instructions to Offerors should be drafted to meet the particular requirements of individual contracts. The purpose of the instructions is to convey all relevant guidelines to govern the preparation, submission and evaluation of offers. The instructions must also indicate a list of documents required to form a complete tender, as well as notice to Offerors that offers may be rejected unless substantially responsive. A substantially responsive offer is one that conforms to ALL the terms, conditions and specifications included in solicitation documents, without material deviations or reservations.

When determining the offer period, the Business Unit must ensure that adequate time is available for Offerors to prepare their quotations, bids or proposals, taking into account the size and nature of the project. The offer period may be anywhere from one week to six weeks depending on the complexity of the desired input (e.g., standards of the level item vs. a detailed proposal).

4.5 Alternate Proposals

The solicitation documents shall clearly indicate whether Offerors are permitted to submit alternate proposals or not. If so, the alternate proposals should include detailed specifications, environmental specifications, where applicable and associated costs, to allow a fair technical and financial evaluation of the proposal.
4.6 Modifications to Bids/Proposals

The instructions should stipulate whether any additional information, clarification, correction of errors or modifications of bidding documents should be distributed to Offerors prior to the deadline for receipt to enable Offerors to take appropriate actions. Similarly, Offerors should also be informed of the right to modify or make corrections to bids or proposals, provided that any such modification or correction is received by the Business Unit in writing prior to the time specified for submission of bids or proposals. The original bid/proposal thus modified or corrected would then be considered as the official offer.

3.7 Currencies and Payments

The instructions should indicate the currency or currencies in which Offerors should state prices as well as the currency or currencies in which payment will be effected. For purposes of comparing prices of offers received, business units should convert prices to a single currency. UNDP shall make the conversion using the UN operational rate of exchange on the last date for the receipt of quotations, bids or proposals.

3.8 Bid or Proposal Securities

Business units have the option of requiring a bid or proposal security, or a bank guarantee. When used, a bid or proposal security should be based on the value and complexity of the contract. In general, request of a bid or proposal security is advisable for all contracts exceeding USD 500,000, in the amount of two percent of the estimated total contract value. A bid or proposal security should always be stated as a specific sum rather than as a percentage of the contract amount.

If such security is requested, a standard bid Security Form should be part of the solicitation documents.

The recommended period of validity for the security shall equal the period of validity of the tender plus the time allowed for the Offeror to provide the performance security under the terms of the eventual contract between UNDP and the Offeror, depending on the complexity of goods, civil works or services to be procured a sufficient validity time of approximately 30 to 90 days is acceptable to evaluate bids or proposals.

Where bid or proposal securities have been requested, such security shall be released to unsuccessful Offerors once the contract has been signed with the winning Contractor.

3.9 Performance Security

All contracts (i.e., goods, civil works, services) exceeding USD 500,000 require a performance security in an amount sufficient to protect UNDP in the case of breach of contract by the Contractor. The amount of the security may vary, depending on the nature and magnitude of civil works. The recommended performance security should equal 10 percent of the total contract amount. A performance security is retained to extend sufficiently beyond the date of completion or receipt to cover defects or maintenance up to final acceptance by UNDP. In addition to the provision of a guarantee to protect against non-performance of a contract, such security may also cover warranty obligations, and any installation or commissioning requirements.

A performance security should be denominated in the currency of the contract and shall be in one of the following forms:
- bank guarantee or irrevocable letter of credit, issued by a reputable bank;
- cashier’s cheque or certified cheque;
- performance bond;
- percentage of total payment held as retention money until final acceptance.

The performance security shall be returned to the Supplier within 30 days of completion of the contract, including any warranty obligations.

3.10 Checklist for ITB and RFP

The following checklist may be used to assist in the preparation of instructions to Offerors and indicates subjects that should be addressed:

- language of the offer;
- number of copies required;
- validity period of the offer;
- warranty period of the goods, civil works and/or services requested;
- any document(s) other than those issued as part of the solicitation document which Offeror must include in the tender (e.g., technical description, drawings, quality control, environmental impact);
- procedures for dealing with queries raised by Offerors;
- instructions for packing, labeling and addressing the offer;
- circumstances under which alternate offers may be submitted;
- arrangements for the query of tenders;
- instructions for dealing with arithmetic errors found in offers during evaluation;
- evaluation criteria;
- rules relating to the disqualification or rejection of offers (e.g., late submissions, transposed figures, incomplete submissions, deviations); and
- procedures for dealing with protests.

4.11 Offerors’ Queries

Offerors’ queries should be handled by correspondence or by pre-bid/proposal conference or by a combination of the either method:

- Correspondence Method – any Offeror requiring clarification of the solicitation documents should submit the queries to the Business Unit in writing. In its response, the Business Unit shall prepare and dispatch written replies to such queries. These replies, together with the text of the queries should be sent by mail or e-mail to all Offerors and/or posted on the CO’s website, without referencing the source of the queries.
- Pre-bid/proposal conference method – queries from the Offerors are dealt with at a pre-bid/proposal conference. As far as possible oral responses shall be given by the Business Unit during the conference. Within a reasonable time after the conference, the Business Unit should send all Offerors, whether present at the conference or not, a full set of minutes recording all queries and formal replies. Consequently, the minutes shall prevail over any oral responses provided to Offerors during the conference. Representation from each Offeror should be limited to two persons at the conference.

5.0 Inputs

- Procurement Plan
- ATLAS Requisition

6.0 Deliverables

- RFO
- ITB
- RFP

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms

- Evaluation Criteria
- Model Request for Quotation
  - English version
  - Spanish version
  - French version
- Model Invitation to Bid
  - English version
  - Spanish version
  - French version
- Model Request for Proposal
  - English version
  - Spanish version
  - French version
- Bid Security Form
- Performance Security Form

9.0 Additional Info. and Tools
Submission and Receipt Offers

1.0 Description

It is the responsibility of Offerors to ensure that the offers are submitted to the Business Unit by the submission date and time, and properly signed by authorized signatories. To ensure practicality and avoid receipt of untimely offers, it is recommended that the deadline date permit acceptance up till the close of business.

All offers shall be received in strict accordance with these Guidelines. The solicitation documents must stipulate that all competitive quotations, bids or proposals are due upon a specified date and time at the designated UNDP office. UNDP will not accept offers after the stated date and time, or those sent to any other location.

2.0 Relevant Policies

- UNDP Fin. Rule 121.03(d) (May 2005).

3.0 Flowchart

![Flowchart Image](image)

Click to enlarge image

4.0 Procedures

4.1 Submission of Offers

It is the responsibility of Offerors to ensure that the offers are submitted to the Business Unit by the submission date and time, and properly signed by authorized signatories. To ensure practicality and avoid receipt of untimely offers, it is recommended that the deadline date permit acceptance up till the close of business.

If offers are delivered by hand, Offerors should obtain a receipt from the Business Unit as a record of the date and time of delivery.

Quotations, bids or proposals received after the designated date and time should be immediately returned unopened and accompanied with an explanatory letter indicating the date and time of receipt.

4.2 Receipt of Offers

In the case of a RFQ, the Business Unit may receive offers directly, either by mail, fax or email within the designated period, where effective internal controls permit such acceptance by mail, fax or email.

However, in the case of an ITB or RFP, an individual, not directly concerned with the procurement function, should receive all offers. All bids or proposals should be time/date stamped upon receipt and placed in a locked container, such as a cabinet or safe until the bid opening time and date. Access to the container shall be confined to the personnel duly authorized by the RR or Head of the Business Unit. Where facsimile responses have been received and sealed, the dedicated facsimile machine is to be afforded the same degree of control for bids/proposals received by post. Where offers are accepted by email, the Business Unit should create a specific email address for Offerors to forward their tenders. An individual unaffiliated with procurement activities should open such emails. Business Units should ensure that effective internal controls are in place prior to acceptance of offers by email, fax or email.

Any bids or proposals inadvertently opened prior to the due date must be brought to the attention of the RR or Head of the Business Unit immediately for further action.

Any unsolicited bids or proposals shall be rejected.

5.0 Inputs
Evaluation of Offers

Once a solicitation method and a forum for competition has been determined and tender documents distributed to potential Offerors, a Business Unit must ensure that adequate controls are in place for the receipt and evaluation of offers. Regardless of how effective each phase of the procurement process is executed, if the offers - quotations, bids or proposals - are not evaluated in a fair and transparent manner, the overall process fails. The purpose of evaluation in accordance to UNDP principles is to ensure that the most qualified and responsive offer affords best value for money.

Relevant Policies

- UNDP Financial Regulations and Rules

Evaluation and Comparison of Offers

Evaluation is the process of assessing offers and submitted proposals in accordance with established evaluation methodology and criteria, with the goal of obtaining the best value for money. The process needs to be conducted in a fair and transparent manner to ensure equal treatment of all bidders.

Relevant Policies

- UNDP Fin. Rule 121.03(d) (May 2005).
4.0 Procedures

4.1 EVALUATION CRITERIA

Clear and specified evaluation criteria shall be included in the bidding documents. The evaluation process will be based on the established evaluation criteria. None other than the established evaluation criteria shall be applied during the evaluation process.

Evaluation criteria are normally divided into three categories:

- **Administrative requirement (or criteria)**
- **Technical requirement**
- **Financial Requirement**

**Administrative Requirements**

Submitted offers will be reviewed to determine compliance with any formal criteria or requirement included in the solicitation documents. Examples of formal requirements may include, but are not limited to, the following:

- Offers must be submitted within the stipulated deadline
- Offers must include required securities
- Offers must meet required Offer Validity
- Offers have been signed by the proper authority
- Offers include requested company documentation, including documentation regarding the company’s legal status and registration
- Offers must comply with general administrative requirements

**Technical Requirements**

The first step is to ensure the eligibility of bidders (in compliance with the chapter entitled Sourcing and Supplier Appraisal [section 4.4.1, Vendor Eligibility]) and that suppliers are qualified.

Technical criteria will cover two general areas: criteria related to a company’s capacities and capabilities; and criteria related to the goods, services and works to be delivered. The evaluation criteria are derived from the specifications, TOR or SOW.

Depending on the nature and the complexity of the procurement activities, technical evaluation criteria may be few or many.

The technical evaluation criteria should guide the evaluation team to the right company profile (capable of doing the job); moreover they shall include the right specifications, TOR or SOW to meet a project's needs.

Depending on the selected approach, technical criteria shall be evaluated based on a compliance/non-compliance (pass/fail) or weighted scoring system.

Examples of technical criteria include:

- Previous experience in similar projects;
- Experience in a particular region or the country;
- Manufacturing capacity (goods) and competences and capabilities (for services and works);
- Ability to provide after-sales services and/or technical support;
- Delivery time within certain parameters, in particular in cases of emergency; procurement where delivery (for goods) or completion period (for services and works) is critical;
- Certification of compliance to national and international quality standards (e.g., ISO);
- Responsiveness of bids/offers to specifications, TOR or SOW.

**Financial Requirements**

Price is an important factor in the evaluation process. However, the weight that price carries in the selection of a supplier will depend on the selected evaluation methodology.

4.2 EVALUATION METHODOLOGIES

The evaluation methodologies applicable to the different types of solicitation are:

- **a) Request for Quotation (RFQ)** – The lowest-priced offer among the technically compliant/responsive offers is selected; RFQs are reviewed based on a pass/fail method.
- **b) Invitation to Bid (ITB)** – The lowest-priced offer among the technically compliant/responsive offers is selected; ITBs are reviewed based on a pass/fail method.
- **c) Request for Proposal (RFP)** – Two modalities exist:
  
  - c.1 – The lowest-priced technically compliant/compliant offer is selected based on a point system method with a minimum threshold; or
  - c.2 – The offer is selected based on a cumulative analysis.

A detailed description for each of these methods is provided below.

**a) Evaluation of Quotations (Request for Quotations)**

Upon the receipt of quotations, the offers should be opened and assessed in the presence of an evaluation team appointed by the Business Unit.

All quotations should be evaluated against the minimum selection criteria to determine (1) if the goods, civil works or services in question conform to designated criteria, and (2) if the supplier is reliable. The evaluation should consider the following factors:

- Conformity to specifications;
- Product quality (e.g., conformity to national/international product standards);
- Appropriateness of delivery time and terms;
- Compliance with UNDP General Terms and Conditions;
- Warranty conditions (where applicable);
- Sufficiency of after-sales services (where applicable); and
- The landed price does not exceed the budget ceiling for the goods required.

In the case of quotations, the lowest price serves as the overriding measure upon which to award a contract from among the suppliers that met the minimum specifications required, unless the offer is rejected for a specific reason (e.g., the offeror failed to quote on the product requested or failed to deliver the quote within the specified timeframe).

**b) Evaluation of Bids (Invitation to Bid)**

Upon the receipt and opening of bids, the offers are to be evaluated by an evaluation team appointed by the Business Unit.

All bids must be evaluated against the requirements stipulated in the solicitation documents.

The evaluation method and evaluation criteria must be established before an ITB is sought.

No new criteria may be introduced and used to evaluate bids, or be used as justification for the selection of an offeror, if such criteria have not been required of the bidder at the time of solicitation. The evaluation should consider the following factors:

- Conformity to specifications, statement of works or TOR;
- Product and services quality (i.e., conformity to national/international standards);
- Appropriateness of delivery/completion time and terms;
- Compliance with UNDP General Terms and Conditions;
- Warranty conditions;
- Sufficiency of after-sales services/defects liability and period/performance guarantees;
- Spare part(s) and technical support availability for the required period;
- Technical and financial capacity and reliability of the offeror to fulfill the requirements as committed; and
- The landed price does not exceed the budget ceiling for the goods/services required.

All bids should be tabulated on a summary sheet against the requirements and duly signed and certified by the members of the evaluation team.

Only bids offering goods, civil works or services with the characteristics meeting or exceeding those in the specifications and commercial terms shall be considered acceptable.

In the case of bids (Invitation to Bid), price serves as the overriding measure upon which to award a contract among those offerors found to be technically compliant/responsive to the requirements, unless the offer is rejected for a specific reason (e.g., the offeror failed to bid on the product, civil works or services requested or failed to deliver the bid within the specified timeframe).

**c) Evaluation of Proposals (Request for Proposals)**
Proposals are evaluated based on how well bidders have understood the TOR and addressed it in their proposal, and how capable they are of delivering the expected results. Hence bidders must present a proposal (a "solution") to meet the needs that have been defined through the TOR or SOW.

**Establishment of RFP evaluation criteria and sub-criteria**

By definition, the evaluation of proposals are always subject to a high degree of subjectivity. In order to reduce this subjectivity and ensure a transparent and successful evaluation process, it is critical to identify the proposal evaluation criteria and sub-criteria and how much weight each will have prior to release of the bidding document. The solicitation documents must include the evaluation criteria.

Evaluation criteria can be grouped into three main categories with a number of sub-categories or sub-criteria:

- Company and organizational criteria – This category includes sub-criteria such as company background information, financial strength, experience in related services or projects, experience in the region, number of years in business, client portfolio and company accreditations on matters such as quality control.
- Proposed work plan and approach criteria – This category includes sub-criteria such as extent of understanding of the project requirements, practicality of the proposed methodology relative to the context of the service, risk assessment and mitigation strategies integrated into the service, planning, appropriateness of the implementation schedule to the project timelines and project quality assurance measures.
- Key personnel criteria – Apart from identifying the right company and the right proposal, it is very important that the right personnel with the right qualifications will be assigned to deliver the outputs required. This category may include sub-criteria such as individual qualification of the team members, level of education, appropriateness of the mix of expertise, key technical skills/expertise, key managerial skills and cultural knowledge.

Once the proposal evaluation criteria and sub-criteria are finalized, the weight (the maximum number of points) that each category and sub-category will carry should be assigned.

Finally, prior to initiating the evaluation process, the evaluation team must define the scoring scale. This step will ensure consistency in the evaluation process, as different individuals may have different scoring scales. For example, two evaluators can identify a sub category as "good," one rating 7 out of 10 and another 8 out of 10. This approach also helps to organize scoring around factual evidence and prove differences about why a proposal is "good" or "satisfactory" instead of just a number (6 or 6.5 or 7...).

In the box below, columns C and D represent an example of a scoring scale system.

<table>
<thead>
<tr>
<th>a) Evaluated Criteria or Sub-criteria</th>
<th>b) Supporting evidences</th>
<th>c) Example Scoring Scale System</th>
<th>d) Example – for a sub-category with a total score of 10 points.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>Requirements submitted and supported by excellent evidence of ability to support and exceed contract requirements</td>
<td>100%</td>
<td>10</td>
</tr>
<tr>
<td>Good</td>
<td>Requirements submitted and supported by good evidence of ability to support and exceed contract requirements</td>
<td>90%</td>
<td>9</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>Requirements submitted and supported by satisfactory evidence of ability to support contract requirements</td>
<td>70%</td>
<td>7</td>
</tr>
<tr>
<td>Poor</td>
<td>Requirements submitted and supported by marginally acceptable or weak evidence of ability to support contract requirements (Clarification may be required)</td>
<td>60%</td>
<td>4</td>
</tr>
<tr>
<td>Very poor</td>
<td>Requirements submitted but not supported by evidence to demonstrate ability to comply with contract requirements</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>No submission</td>
<td>Information has not been submitted or is unacceptable</td>
<td>0%</td>
<td>0</td>
</tr>
</tbody>
</table>

**RFP Evaluation process/ steps**

In cases where bidders need to meet any mandatory criteria (pass/fail criteria), such criteria will need to be identified in advance and included in the solicitation documents with a clear indication that failure to comply with these criteria will constitute grounds for disqualification.

RFPs are received in two separate envelopes (i.e., technical and financial). The evaluation team must first open the technical proposal, followed by the financial proposal. Financial proposals are not to be opened until the conclusion of the technical evaluation and then only for those proposals that are deemed qualified and responsive.

An offer should be considered qualified and responsive if it receives a score of at least 70% on the technical proposal. Any offers that do not meet this requirement must be rejected as being non-responsive, and the financial proposal shall be returned to the supplier unopened, accompanied by a letter.

Business Units have the following two options by which to score financial proposals:

- c.1 – Lowest-priced technically compliant offer (point system with a minimum threshold)
  - The financial proposal of only those offersors obtaining the minimum 70% score during technical evaluation should be opened. The remaining financial proposals of offerors whose technical proposals are deemed unqualified and non-responsive shall be remain unopened. The contract will be awarded to the company meeting the minimum 70% score in the technical evaluation and offering the lowest price.
  - c.2 – Cumulative Analysis
    - Under the cumulative analysis scheme, a total score is obtained upon the combination of weighted technical and financial attributes. An offeror’s response to the solicitation document is evaluated and points are attributed based on how well the offer meets the defined desirable criteria. Cost under this method of analysis is rendered as an award criterion, which should not be less than 30% of all the desirable factors of the RFP. The weight of financial proposals should take into account the complexity of the assignment and its relative proportion to quality. The designated weightings of both the technical and financial proposals should be specified in the RFP at the time of solicitation.
    - In this methodology, the maximum number of points assigned to the financial proposal is allocated to the lowest price proposal. All other price proposals receive points in inverse proportion. A suggested formula is as follows:
      \[ p = y \left( \frac{z}{\mu} \right) \]
    - Where:
      - \( p \) = points for the financial proposal being evaluated
      - \( y \) = maximum number of points for the financial proposal
      - \( \mu \) = price of the lowest priced proposal
      - \( z \) = price of the proposal being evaluated
    - The proposal obtaining the overall highest score after adding the score of the technical proposal and the financial proposal is the proposal that offers best value for money.

**4.3 EVALUATION PROCESS**

Upon receipt and opening of offers, the evaluation process shall commence and will be conducted according to the evaluation criteria and method defined in the solicitation documents. Under no circumstances may new or revised evaluation criteria be introduced during the evaluation of offers, nor the method of evaluation be changed. These regulations ensure transparency and fairness during the evaluation process.

The evaluation process includes the following steps:

- Establishment of an evaluation team
- Receipt of opening report
- Preliminary evaluation
- Technical evaluation (in case of two-envelope evaluation, requires completion of technical evaluation report and opening of financial offers)
- Financial evaluation
- Clarifications (if required)
- Evaluation report
- Negotiation (if applicable)
- Background checks

**4.3.1 Evaluation team**

In order to examine and evaluate bids, the Procurement Unit must appoint an evaluation team, which shall consist of two to five members depending on the nature, complexity and value of the procurement activity.

The evaluation team shall be appointed by the Operations Manager or Head of the Division, and shall provide objective and independent advice. Furthermore the evaluation team should be chaired by an experienced individual offering varied perspectives and sound analytical support to the RR or Head of the Business Unit.

- RFP: evaluation team shall have a minimum of two members, however optimally it will be comprised of a minimum of three members to ensure fairness and transparency
- ITB: comprised of up to six members
- RFP: comprised of three to five members

In selecting the members of the evaluation team, the type of procurement being carried out should be considered. In particularly complex procurement cases, an external expert may be included to assist in the evaluation process as one of the team members. In these cases it is important to identify the need for an expert early in the process (i.e., during the planning stage) in order to avoid unnecessary delays and to ensure that proper funds are budgeted.

The work of the evaluation team is strictly confidential and information about submissions or proposals shall not be publicly revealed.

Representatives from the funding source, the client organization, or national representatives may participate in the evaluation process only as observers. Nevertheless, if any such institutions requests participation as a full evaluation team member (i.e., with voting rights), the request shall be cleared directly by the Operations Manager/ Head of Unit, and UNDP shall maintain the majority vote in the team at all times. If the Operations Manager/Head of the Unit authorizes participation of non-UNDP personnel as a full member, considerations shall be taken to ensure that UNDP staff members selected for the evaluation team are equal in seniority.

Team members must be instructed immediately to indicate if they are in a potential conflict of interest situation with one of the suppliers (e.g., owning shares in the supplier's company, familiar relationship with suppliers, etc.). All observers or participants in the evaluation team who are non-UNDP staff must sign confidentiality and no conflict of interest statements.
Independent consultants, cleared of any affiliation or interest with the bidders, may participate in the bid review panel when the goods/services/works being sought and reviewed are highly specialized or very technical in nature. Independent consultants are particularly relevant when the goods/services/works being sought and reviewed are above and beyond the internal capacity of UNDP to objectively and professionally evaluate the details of the proposals received.

4.3.2 Opening of Bids or Proposals (USD 100,000+)

When bids have been obtained pursuant to an ITB, such bids should be opened publicly at the time and place specified in the ITB. UNDP recommends the opening of bids to be held on the same day as the deadline for receipt of offers. Only those offersors who have submitted bids may attend the bid opening; however, the offeror may authorize a local agent or the concerned Embassy as a representative. Names of all attendees shall be recorded and representatives must sign the attendance record.

All duly received bids should be accompanied by an abstract indicating the following:
- offeror’s name and place of business;
- bid price and currency;
- price of alternate bids, if applicable;
- bid security, if requested; and
- discounts, if any, proposed by offeror.

The aforementioned information should be recorded on a suitable form signed by UNDP staff i.e. Bid Opening Committee conducting the opening, as well as appropriate witnesses. Staff directly involved in the procurement exercise cannot have an active role as a member of the Bid Opening Committee.

In the case of RFPs, a public opening of proposals received is not necessary, as financial proposals may not be opened without the completion of a technical evaluation. Where offerors have submitted more than one bid or proposal, the offeror must clearly indicate which tender to consider. Where this is not evident, the bid or proposal that provides the most advantageous terms to UNDP will be considered.

Except for decisions about rejecting bids received after the closing time, which is mandatory for all late bids, other decisions about whether a bid is compliant with bid document requirements should not be made during the bid opening.

4.3.3 Preliminary evaluation

The preliminary examination of quotations, bids or proposals determines whether the offers meet the procedural requirements of the solicitation documents. The preliminary evaluation should include checking compliance of the following requirements, and any other formal requirement set in the bidding documents. It is required that:
- Submitting companies are not included among UNDP suspended companies lists, in accordance with the chapter entitled Sourcing and Supplier Appraisal [ section 4.5, Vendor Suspension and Removal];
- Offers are signed by an authorized party, including Power of Attorney if stipulated;
- Bid security (format, amount and duration) are included, if requested;
- The offer is valid;
- The offer is complete and eligible.

The purpose of such examination is to eliminate unsatisfactory offers (those that fail to meet minimum standards of acceptability, and are thus deemed unresponsive) from further and more detailed consideration.

However, the evaluation team should exercise reasonable judgment in conducting the preliminary evaluation and avoid rejecting bids for trivial procedural grounds. For example, submitting one more or less of the copies requested in the solicitation documents, or not submitting the offer in the form supplied in the bidding documents but providing a similar one with complete information, should be considered a minor deviation and should not constitute grounds for disqualification. Nonetheless, these formal discrepancies should be recorded in the evaluation report.

Correction of Arithmetic Errors

The evaluation team should carefully review offers to identify potential arithmetic error and to ensure consistency of quantities and prices. Quantities should be the same as stated in the bidding documents. The total price per line item should be the result of multiplying the quantity by the unitary price. In cases of discrepancy, unitary price shall prevail in the recalculation. Priced spelled out in words shall prevail over numeric prices in cases of discrepancy.

The evaluation team should correct all arithmetic errors and inform each bidder of changes if applicable. A bidder must accept such arithmetic corrections or the bid in question will be rejected.

4.3.4 Technical Evaluation

Once the preliminary evaluation has been concluded, offers are thoroughly evaluated against technical evaluation criteria in order to determine whether they are compliant/non-compliant, or a weighting system will be used, depending on the methodology. If a two-envelope approach is used, the technical evaluation must be finalized before eligible financial proposals are opened.

Technical evaluation shall be conducted against the criteria and requirements defined in the bidding documents.

When delivery is a part of the evaluation criteria, the bidding documents should provide the latest acceptable delivery schedule.

Deviation from requirement

In some circumstances, offers deviate from requirement or criteria stipulated in the bidding documents. Deviations may be "major/significant" or "minor/non-significant".

Major/Significant deviations:
- Affect the scope and quality of the contract;
- Limit UNDP rights or bidders' obligations;
- Unfairly impacts the competitive position of other bidders.

A bid that is "substantially responsive" but has minor commercial or technical deviations should be retained for a more detailed evaluation and should not be rejected.

For example, a bid offering goods with minor deviations from the technical specifications which do not affect the suitability of the goods for the intended use should not be rejected. The minor deviations are unlikely to have a negative impact in the project implementation.

Contracting

UNDP contract modalities must always be used. UNDP General Term and Conditions should not be modified, amended or deleted.

Only under very specific circumstances (e.g., in cases of high risk/highly complex contracts) may modifications and/or additions to the UNDP standard contract formats be considered. In these cases, prior approval must be obtained from PSO and LSD and the appropriate legal resources should be identified to enact the revision.

4.3.5 Financial evaluation

Financial evaluation is the process of comparing offers to the financial criteria defined in the solicitation documents. When using the cumulative methodology, the score of the financial proposal will be calculated as indicated in section 4.2.c.2 of the Evaluation Methodology.

When evaluating goods, price comparison should be done based on landed price, including transportation and insurance.

In defining the project's needs, it is important (as covered in detail in the chapter on Specifications/TOR/SOW) to identify all relevant cost components. This allows for a financial evaluation based on the total cost of ownership (including spare parts, consumption, installation, commissioning, training, special packaging, etc.). All these price components must be identified up front and should be included in the project requirements.

Finally, in order to facilitate the comparison and financial evaluation process, it is important to request a breakdown of the financial information. This is particularly essential in the case of proposals. When evaluating goods, price comparison should be done based on landed price, including transportation and insurance.

4.3.6 Clarifications from suppliers

In principle, offers are evaluated based on the information submitted by the bidder. However, in some cases, the evaluation team will require clarification from bidders after offers have been submitted. The objectives of these clarifications are to explain some aspects of the offer. Under no circumstances should include they delete, add or modify the original offer.

Clarifications requested by the evaluation team should contribute to fully understanding the offer. The most suitable way of requesting clarifications is through written correspondence, and a deadline should be provided when communicating with bidders. All such correspondence should be recorded in the project's procurement file.

4.3.7 Negotiations

Negotiations are discussions with a potential supplier after selection of the supplier but prior to the award of the contract, in order to ensure best value for money but without compromising the principle of fair and equal treatment of suppliers.

In principle, negotiations are not conducted after a competitive selection process. As price is key factor in the selection of the supplier, negotiation of such term is not recommended. However, negotiations may be carried out with the selected supplier regarding payment terms, supplementary terms and conditions, delivery, etc. Negotiations should result in a clear understanding of responsibilities under the contract.

Negotiations can be very effective in situations of direct contracting without competition as a way of ensuring best value for money.

4.3.8 Suppliers Background Check

As a final and mandatory step, the evaluation team shall conduct a background check of the identified best offer (unless the bid solicitation has been preceded by a prequalification process, in which case this step has been covered earlier in the process). Though it is always necessary to conduct a background check, the extent of the check will depend on the complexity, associated risk and budget of the procurement activity. The process should be completed prior to recommendation for award.

The following aspects should be considered in a background check:

- Clarifications from suppliers
- Negotiations
- Financial evaluation
- Conversion to common currency
- Deviation from requirement
- Correction of Arithmetic Errors
- Technical Evaluation
- Opening of Bids or Proposals (USD 100,000+)
- Preliminary evaluation
- International tender notices
Legal and regulatory requirements
- Technical and regulatory requirements
- Financial capability

In contracts of $100,000 or more, at least three references for past contracts shall be obtained and checked.

In all cases the Business Unit shall verify the selected company's financial strength. Moreover for contracts of $1 million or more, it is mandatory to obtain third party reference checks from credit rating and reporting agencies. For such high-value contracts and/or in cases involving technically complex products, the Business Unit shall contact credit rating and reporting agencies (i.e., Dunn and Bradstreet, Moody's Investor Services) for reports on the company's production facilities, financial and management status. In case the Country Office situation will not allow this approach, the Country Office will need to contact PSO to received written approval for the way forward.

Supplier with pending claims, disputes and contentious issues with UNDP or other UN agencies

Companies should be checked for pending disputes, claims and/or contentious issues with UNDP or other UN agencies, and if listed should be considered as non-eligible.

For more information regarding UNDP Vendor Suspension and Removal policy, see the chapter entitled Sourcing and Appraisal of Suppliers, Section 4.5 - Vendor Suspension or Removal.

4.3.9 Evaluation Report

The evaluation report documenting the evaluation process shall be furnished for all RFQ, ITB and RFP. The evaluation report shall include the names of the evaluation panel and must be signed by all evaluation team members.

- summary of the evaluation process
- bid prices and currency conversion (if applicable)
- technical evaluation
- allocation of points and supporting literature (if applicable)
- clarifications requested
- Any rejection, and proper justification for the rejection of bids
- Identification of the best offer
- Background check of suppliers, including an affirmative check stating that companies are not suspended in accordance with chapter entitled Sourcing and Supplier Appraisal, section 4.5 - Vendor Suspension and Removal

4.3.10 Cancelling the bid

The UNDP may decide to cancel the bid procedure at any stage subject to the existence of a proper justification. Some possible reasons for cancellation include:

- The bid procedure has been unsuccessful, i.e. no qualitatively or financially worthwhile tender has been received or there is no or poor response;
- The economic or technical data of the project have been fundamentally altered;
- Exceptional circumstances or force majeure render normal performance of the contract impossible;
- The lowest responsive offer significantly exceeds UNDP estimation and the financial resources available;
- There have been irregularities in the procedure, in particular where these have prevented fair competition.

In the event of cancellation of bid, offerors must be notified of the cancellation by the UNDP. Such offerors shall not be entitled to any compensation. When the tender procedure is cancelled before the envelopes are opened, the unopened and sealed envelopes must be returned to the respective offerors.

UNDP business units must be aware that cancellation undermines UNDP credibility and its position in the markets. UNDP should make proper use of tools such as procurement planning, market knowledge or stakeholder management, in order to avoid as much as possible the need for cancellation of bidding process.

5.0 Inputs

- Evaluation Criteria
- Quotations
- Bids
- Proposals

6.0 Deliverables

- Bid Opening Record
- Evaluation Report

7.0 Roles and Responsibilities

Evaluation Committee is responsible to:

- provide objective and independent advice, knowledge and an assessment of the suppliers and their offers, following defined evaluation criteria
- check that none of the submitting companies are listed among companies included in 4.3.8
- document the evaluation process and complete the evaluation report

8.0 Templates and Forms

- Bid Opening Record

9.0 Additional Info. and Tools

- A substantially responsive offer is one that conforms to ALL the terms, conditions and specifications included in solicitation documents, without material deviations or reservations.
- A qualified offer is one that satisfies basic eligibility criteria.
- The term “commercial terms” refers to delivery period and terms; payment terms; warranties and after-sales services.

10.0 Lessons

N/A

11.0 On the Drawing Board

N/A

Contract Review Committees
Related Sub Processes

| HQ (ACP), Regional (RACP) and Local Review Committees |

Description

In order to conduct procurement activities in a manner consistent with accepted professional purchasing practices, it is the policy of the UNDP to ensure that all appropriate rules and regulations have been fulfilled. The review process marks the fundamental phase of the procurement cycle, confirming that offers received are the result of a fully compliant process, and that sufficient budgetary funding exists for the proposed contract.

Relevant Policies

- UNDP Financial Regulations and Rules
- Asset Management Policies and Procedures

HQ (ACP), Regional (RACP) and Local Review Committees (CAP)

The procurement review committee (CAP/ RACP/ ACP) shall be composed of a chairperson, at least three regular members, and a secretary, who shall be appointed by the CPO (RCPO, RR or head of the business unit).

A. REVIEW AND AWARD PROCESS

1. Procurement review committees are established in accordance with UNDP Financial Rules and Regulations to render written advice to the PA on procurement actions leading to the award or amendment of procurement contracts.

2. Procurement review committees are established at the business unit, regional and central (HQ) levels as follows:

   - Business Unit: Contract, Assets and Procurement Committee (CAP) – Level 1
   - Regional: Regional Advisory Committee on Procurement (RACP) – Level 2
   - Central HQ: Advisory Committee for Procurement – (ACP) – Level 3

3. Procurement committees with a value below the threshold of 30,000 USD do not require submission to any procurement review committee. Review, in this case, is conducted directly by the appropriate PA.

4. The UNDP procurement oversight system is based on a single level review approach which means that any procurement action is reviewed by only one committee (as outlined in Section D), although comments from the chairperson of the preceding committee are required within the submission.

   For example, a procurement action to be reviewed by the ACP (Level 3) shall be reviewed by and include comments from the Regional ACP (Level 2) chairperson. Similarly, a procurement action to be reviewed by the RACP (Level 2) shall be reviewed by and require comments from the CAP (Level 1) chairperson (see table below).

   ![UCT Procurement System for a Single Level Review Approach](attachment:image)

   Optional Review:
   - A PA may elect to impose a requirement that the procurement actions be reviewed by the relevant procurement committees, even if it is not mandatory either for an ad hoc single review or as a standing instruction and shall communicate clearly the requirements for this (what, when, and how submissions should be made).
   - For example, a PA in a country office may decide to require that actions below the threshold of USD 30,000 be submitted to CAP prior to award of a contract.
   - In the event that a Regional ACP (Level 2) is temporarily unavailable, procurement actions above the delegated procurement authority (the “DPA”) shall be submitted to the HQ ACP (Level 3) committee for review.

C. COMPOSITION OF THE PROCUREMENT REVIEW COMMITTEE

The procurement review committee (CAP/ RACP/ ACP) shall be composed of a chairperson, at least three regular members, and a secretary, who shall be appointed by the CPO (RCPO, RR or head of the business unit). The members and secretary shall be appointed on recommendation of the procurement review committee chairperson. Members shall be selected in their individual capacity based on their extensive experience with procurement and asset management, enabling each to formulate objective evaluations on cases submitted. The committee shall have an equal number of alternates. The selected staff members serving on review committees shall be enabled by their supervisors to fulfill this vital oversight corporate function and shall record this role in their Results Competency Assessment (RCA).

Where the chairperson has been involved in his or her unit’s submission, he or she may not participate in the procurement review committee deliberations. No member or alternate may participate in deliberations in connection with submissions where they have been involved at any stage of the procurement process. The chairperson may specifically request the assistance of these individuals, for clarification or presentation purposes. No such individual may, under any circumstance, participate in the deliberations.

While members of the procurement review committees will be staff from UNDP, the CAP may include representatives of other UN Agencies, Funds, and Programmes. Such members should, however, apply UNDP procurement policies in their decisions. In such cases the Resident Representative or head of the business unit shall provide justification for broader inclusion of non-UNDP staff in the procurement review committees. At all times, UNDP staff must comprise the majority of the procurement review committee composition. In addition, a professional UNDP staff member with sufficient seniority must hold the role of chairperson (as well as the role of the alternate chairperson). In order to avoid a conflict of interest, the chairperson may not have a direct supervising role of the procurement unit.

All members are appointed to serve for a period of two years. All procurement review committee members need to have a sound knowledge of procurement and of UNDP procurement rules and regulations and are
expected to provide objective and independent advice on all matters referred to the procurement review committees. The chairperson shall have passed the Level I procurement certification for managers, and while this is not mandatory for the rest of the committee members, it is highly recommended. When feasible, procurement review committee members should rotate annually, whereas the chairperson shall be replaced upon the conclusion of two years of service. Periodic rotation of members ensures experienced membership, varied perspectives, and sound advisory support on procurement activities.

The secretary should have relevant experience and qualifications in procurement and asset management. He or she shall coordinate procurement review committee meetings; distribute and present relevant documentation to the members for the facilitation of meetings; prepare the procurement review committee reports and any correspondence; as well as maintain a permanent record of all documentation and reports. The secretary shall not participate in deliberations.

D. SCOPE OF THE PROCUREMENT REVIEW COMMITTEES

Procurement actions require submission to the specified procurement review committee prior to award based on the thresholds below:

<table>
<thead>
<tr>
<th>Procurement Action</th>
<th>CAP</th>
<th>RAP</th>
<th>ACP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Contracting</td>
<td>Between USD 3,000 and up to USD 1 million</td>
<td>Between 20% of the DPA and up to USD 1 million</td>
<td>Above USD 1 million</td>
</tr>
<tr>
<td>Contract Amendment</td>
<td>Between USD 3,000 and up to USD 1 million</td>
<td>Above USD 1 million</td>
<td></td>
</tr>
<tr>
<td>Delegated Procurement Authority (DPA)</td>
<td>Between USD 3,000 and up to USD 1 million</td>
<td>Above USD 1 million</td>
<td></td>
</tr>
</tbody>
</table>

E. DIRECT REVIEW

Ex ante review:
- Consideration, including IPA review of the procurement transaction roadmap and procurement selection process.
- Complexity levels: low, medium, high.

Ex post review:
- Submission of reports on the procurement process to the RCAP.
- Approval of contracts.

1 The rule of the cumulative value per supplier, for all types of contracts, applies per country office, HQ-business unit and out-posted unit. For purposes of determining cumulative value, contracts previously approved by a higher level committee are not included.
2 A procurement process based on competition (open or restrictive) is considered a competitive procurement process irrespective of the number of qualified and responsive bids; therefore, for such procurement actions, the review thresholds are subject to those established under the "Competitive Procurement Process" section of the table above. Nevertheless, in the case of a competitive process resulting in less than 3 responsive bids, the procurement committee responsible for the revision will conduct due diligence to ensure that sourcing was properly conducted and that the limited market response is not the result of a restrictive short list, or an unsuitable sourcing strategy.
3 Delegated Procurement Authority (DPA) is the procurement delegation provided to the Resident Representatives, Heads of Bureau and Heads of Out-Posted Units, and is the threshold applicable to competitive processes.
4 Total value = initial contract value + aggregate value of amendments related to that contract. If the total value exceeds the thresholds stated, the amendment needs to be submitted for review by the appropriate committee.
5 The process is submitted once for review and if approved, orders can be placed over an identified period of time and within the established conditions.
6 The 12 month period is determined by the expected date of contract commencement.
7 CAP review is available on demand based on the CO/BU request for an amount up to the delegated DPA, and RCAP review is available on demand for an amount between the DPA and USD 1 million.
To expedite the procurement process for contracts valued at USD 100,000 or more on an exceptional basis (i.e. crisis or emergency procurement situations), the approval of the CPO may be sought directly without prior review by the ACP, if the following conditions are met:
- international competitive bidding was conducted in accordance with UNDP's general principles on procurement (i.e. best value for money, fairness, effective competition, integrity);
- at least three technically qualified bids or proposals were received; AND
- in the case of bids, the Offeror presents the lowest price OR in the case of proposals, the Offeror offers either the lowest price or obtains the highest cumulative score.

In all cases, the submission must be complete, as per the standard format designated within ACP online, having first obtained preliminary review of a local CAP, and then ACP or Regional ACP Secretariat, prior to its submission to the CPO.

F. POST FACTO

A "post facto" action arises when a commitment or an award of contract is made by UNDP prior to the requisite review committee approvals, contrary to UNDP policies and procedures. Therefore, a post facto action is not a part of the procurement process.

Consequently, post facto actions are not reviewed by procurement review committees as the role of the committee is to recommend an action prior to the award of contract as part of a procurement process. A post facto action is a severe and stark deviation from UNDP’s procurement policies and procedures and should not be pursued. The UNDP official authorizing or approving an award without the requisite approvals is solely accountable for the action. The business unit concerned should submit a justification for the post facto action to the CPO/ RCPO.

Irrespective of the amount, post facto justifications must be submitted within 3 months following the post facto action. Those actions below 1 million USD must be submitted to the RCPO, and those above 1 million USD must be submitted to the CPO.

5.0 Inputs

SUBMISSION TO THE PROCUREMENT REVIEW COMMITTEE

- Only staff duly authorized by the PA to enter into contracts or other agreements may submit proposals to the procurement review committee.
- The CAP/RACP/ACP may invite representatives of the submitting business units to provide clarification on any points on the submission.
- Business units shall prepare all documentation related to the procurement of goods, civil works or services, or the disposal/write-off of goods. The procurement review committee shall require, at a minimum, the following documentation:
  - a completed submission form containing the minimum information necessary to render a reasonable assessment; and
  - a copy of the solicitation document, published advertisements seeking offers, all offers obtained and the duly signed evaluation form.

6.0 Deliverables

DOCUMENTATION

- The procurement review committee secretary shall record deliberations of the committee
- The PA shall ensure that all documentation of decisions, procurement review committee recommendations and submissions are maintained for a minimum of five years.
- The PA shall forward to PSD an annual summary report of all CAP recommendations as well as their individual decisions, in addition to a summary of all signed contracts valued at USD 30,000 or more. The summary of contracts should comprise of the following:
  - names of suppliers;
  - contract values;
  - types of goods, civil works or services procured; and
  - countries of origin

7.0 Roles and Responsibilities

TERMS OF REFERENCE (TOR)

The same TOR will apply for all procurement review committees (CAP/ RACP/ ACP):
- ensure that the proposed procurement action is in accordance with UNDP Financial Regulations and Rules, procedures and instructions;
- ensure vendor eligibility in accordance with UNDP rules and regulations, including eligibility established by such bodies as the Security Council;
- review the procurement process to ensure that it is fair, competitive, transparent, ethical, and provides best value for money;
- examine the financial and legal implications of the proposed contract;
- review the evaluation process;
- confirm that appropriate funds are available to cover the cost of the proposed contract;
- ensure, where applicable, that the competitive offer is being sought for disposal of goods;
- in the event that negligence is found when writing off asset(s), provide advice for future action.

8.0 Templates and Forms

- Request for direct contracting
- CAP submission form
- Annual contracts summary
- Chairperson comments submission form
- Post facto reporting

9.0 Additional Info. and Tools

Q & A

10.0 Lessons

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11.0 On the Drawing Board

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Award of Contract

- General Considerations of Contracting
- Retroactive / Post Facto Contract
- Shipping and Insurance
- Handling of Procurement Complaints

General Considerations of Contracting
1.0 Description

Basis of Award

Business Units shall award contracts within the period of the offer's validity, to the Offeror that meets the prescribed requirements and whose bid has been determined (1) to be substantially responsive to the solicitation documents, and (2) to offer the best value for money.

Where quotations have been solicited, price and other commercial terms and conditions are requested and award is made to the lowest priced technically acceptable offer.

On the other hand, where bids are solicited, generally price is the sole determinant in making an award. The contract is awarded however to the lowest evaluated offer, where all technical criteria are met. The term "lowest evaluated offer" comprises, where possible, the costs of additional components, such as life cycle costing (i.e., running cost, maintenance cost) amongst other qualified and responsive competent offers.

However, in the case of proposals, a contract is awarded to either (1) an Offeror, which attains the minimum qualifying technical score and presents the lowest financial proposal; or (2) the Offeror, which obtains the highest cumulative score of both the technical and financial proposals combined. Price is only one of several factors comprising the evaluation criteria. Award is made to the qualified and responsive Offeror whose proposal substantially conforms to the requirements set forth on the solicitation documents and is evaluated to be the lowest cost to the UNDP.

2.0 Relevant Policies

- UNDP Fin. Rule 121.04(a) (May 2005).
- UNDP Fin. Rule 121.04(a)(i) (May 2005).
- UNDP Fin. Rule 121.06 (May 2005).

3.0 Flowchart

Click to enlarge image

4.0 Procedures

4.1 General Provisions

Contracts shall be awarded within the designated period of the offer's validity and clearly define:

- the nature of the goods, civil works and/or services being procured;
- the quantity being provided;
- contract or unit price;
- duration of the contract;
- conditions to be fulfilled, including applicable UNDP General Terms and Conditions;
- terms of delivery and payment;
- name and address of Supplier; and
- the rights and obligations of UNDP and of the Supplier.

Modifications and/or additions to the UNDP General Terms and Conditions are prohibited. However, if required and expressly approved by LSO, special conditions appropriate to the nature and location of the project may be supplemented to the standard Terms and Conditions.

Where a performance security is required to ensure performance during the warranty period, a contract should be signed only upon receipt of the performance security in the form of a bank guarantee or performance bond.

Business Units should maintain written documentation for all contracts awarded to a single Supplier in an aggregate amount of USD 2,500 or more to facilitate preparation of the annual summary of contracts as well as in the case of an audit.

4.2 Negotiations

As price is key factor in the selection of the Supplier, negotiation of such term is not recommended. However, negotiations may be carried out with the selected Supplier regarding payment terms, supplementary terms and conditions, delivery, etc. Negotiations, nonetheless, should result in a clear understanding of responsibilities under the contract.

4.3 Contract Types

A selection of contract types is available to UNDP to provide needed flexibility in acquiring the variety and volume of goods, civil works or services required. Contract types vary according to (1) the degree and timing of the costs of performance, and (2) the amount and nature of achieving specified standards or objectives.

- lump-sum contracts (commonly used in UNDP);
- time and materials based contracts, generally used when hiring the services of individual consultants from an agency; or
- percentage contracts, measuring consultancy costs as a percentage of total construction costs, generally for architectural services. However, this contract type should be discouraged.

4.4 Liquidated Damages

Where time is of the essence, provisions for liquidated damages or similar provisions, generally established at one percent of the total contract amount per week, shall be included in the conditions of contract when delays result in extra cost, or loss of revenue or loss of other benefits to the Business Unit. Such a provision provides a claim of right to remedies, deducting a fixed percentage for each day or week of delay as compensation for losses sustained in the case of non- or late performance.

Once a deduction of 10 percent has been obtained, the Business Unit may consider termination of the contract.

Such a provision for liquidated damages may be reasonably increased in excess of 2 percent where time is of the essence (e.g., elections are to be held March 14, 200x, delivery of equipment is scheduled no later than...
March 1. Equipment arriving later than March 1 will be subject to liquidated damages).

4.5 Contract Amendments

Once a contract subject to prior review has been awarded and signed, Business Units are permitted to amend provisions in one of two situations:

- contract provisions dictate modification; or
- in furtherance to the execution of an original contract additional related goods, civil works or services are to be rendered by the same entity.

All amendments must be requested by the RR or Head of the Business Unit citing the revised contract provision(s), the original provision(s) and the affected specifications, statement of works or TOR; and submitted for review through the CAP, and the ACP via ACP Online.

4.6 Debriefing Unsuccessful Offerors

In general, UNDP does not debrief unsuccessful Offerors. However, in the case of high value contracts, a debriefing must be conducted upon request from an unsuccessful Offeror. The scope of the debriefing meeting is limited to an identification of technical deficiencies or weaknesses within the Offeror’s proposal. Business Units are advised not to discuss with Suppliers (1) the financial or cost information of other Offerors; (2) the evaluation scoring; or (3) other proposals received.

4.7 Transparency

To enhance transparency, COs must post all contract awards valued at USD 100,000 and more on the websites of the CO and the corporate UNDP Web site at http://procurement-notices.undp.org/view_awards.cfm. Notice of awards should indicate the following:

- name of contractor;
- country of contractor;
- date of contract signature;
- contract amount in US$;
- description of contract;

5.0 Inputs

- RR Approval
- CAP Recommendation
- ACP Recommendation
- CPO Approval

6.0 Deliverables

Contract Formats

Purchase Orders

In the case of goods valued at USD 2,500 or more procured by UNDP, contracts must be issued in the form of a written purchase order. (e.g., 20,000 first aid kits for a GFATF project in Senegal)

Institutional Services Contracts

Institutional services contracts are utilized to contract with an institution or other legal entity for professional services valued at USD 30,000 or less. The institutional services contract serves as a less formal agreement as the services may not be considered complex, warranting additional protective measures such as are standard in the professional services contract. (e.g., electrical wiring services valued at USD 25,000 for HQ)

Professional Services Contracts

Professional services contracts, on the other hand are employed to contract with an institution or other legal entity in order to perform professional services generally valued above USD 30,000, for specified deliverables. (e.g., demining operations valued at USD 498,000 in Southern Afghanistan).

Reimbursable Loan Agreement

Reimbursable loan agreements (RLA) are used when contracting with a government institution; university; or other legal entity comprised of at minimum three staff personnel to engage consultancy services of select individuals. (e.g., Professor X of ABC University to undertake anti-corruption studies valued at USD 125,000 for a period of one academic year)

Civil Works

Contracts for civil works are drawn up for the procurement of transportation, infrastructure, civil or environmental engineering services required by the Business Unit. (e.g., construction of a thermal power station valued at USD 12.5 million in Northern Iraq)

Long Term Agreements

A long-term agreement (LTA) is a mutual arrangement with Supplier to provide goods or services as required, over a specific period of time, with the quantity to be determined at prescribed prices or pricing provisions. LTAs are distinguished by the repeated nature of the transaction consequent of the relationship established between parties. Long-term purchase agreements are common practice to ensure a reliable source of supply goods and services at the lowest price. (e.g., UNDP retains an option to purchase TB drugs from ABC, Inc. at a fixed rate for two years)

Special Service Agreement

Special service agreements (SSA) are utilized to contract individual consultants or temporary support personnel for services on a short-term basis, not to exceed 11 months. (e.g., X is retained by BRSP for a period of four months to coordinate an upcoming conference on the Millennium Development Goals)

Service Contracts

Service contracts alternatively are employed to procure individual consultants or support personnel as needed on a long-term basis. Service contracts are distinguished from a SSA due its duration and provisions for specific benefits. (e.g., Y is retained by Regional Centre in Bangkok to provide ATLAS Help Desk Support for a period of two years)

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms
1.0 Description

Post-facto situations occur in the event that a contract or purchase order has or has not yet been issued by UNDP, however the services have been rendered or the goods purchased and received. Conversely, a retroactive case occurs when no contract or purchase order has been issued, although, either the Supplier has begun providing services or the goods have been ordered but not yet delivered. Business Units should make every effort to avoid post-facto or retroactive cases. Nevertheless, if such circumstances occur, approval of the CPO is required immediately, for all such contracts valued at USD 30,000 or more, before payment may be made or; if payment has been made, for such expenditures to be accepted by UNDP as legitimate charges against the appropriate budget line(s). Notwithstanding subsequent approval of the CPO, if given, such contracts do not constitute, and must not be construed as a precedent or justification for the failure to take the timely and appropriate action(s).

2.0 Relevant Policies

• UNDP Financial Regulations and Rules

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

To seek the approval of the CPO, Business Units must provide:

• An explanation of the circumstances resulting in the post-facto or retroactive situation, such as (1) what transpired, (2) when, (3) persons involved, (4) delays resulting in late submission, (5) emergency or unusual circumstances, (6) processes, precautions or controls followed, (7) why it still resulted in failure, and (8) what mechanisms have been put into place in order to ensure that such situations are prevented in the future.

• The reasonableness and acceptability of the procurement activity:
  - Details of the activity, including the nature of services or goods; duration; cost; conformity with project requirements; and evidence of an agreement to the activity from, or by the Government or the Beneficiary as appropriate.
  - Reasonableness of the activity/cost demonstrating its economy, efficiency and equity.
  - Successful completion of the activity including certification by an authorized official that services has been satisfactorily performed; and requested outputs have been produced (i.e., reports, documentation) and are
acceptable to all parties.

- In the case of a contract for civil works, a certificate signed by the engineer should be submitted stating:
  
  (a) that the project has been designed and constructed according to the proper specifications; and
  
  (b) that no accidents or injuries have occurred during construction, which would cause UNDP to be potentially liable for any damages whatsoever.

- Confirmation that no financial loss has occurred to UNDP or the Funding Sources as a result of this circumstance. If so, an explanation must be provided.

- And any other matters, as appropriate (e.g., special contractual provisions, if any, applicable as a result of the procurement actions such as warranties, copyrights, etc.).

5.0 Inputs

- RR Approval

6.0 Deliverables

- CAP Recommendation
- ACP Recommendation
- CPO Approval
- Retroactive/Post-Facto Contract
- ATLAS Purchase Order

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms

N/A

9.0 Additional Info. and Tools

N/A

10.0 Lessons

N/A

11.0 On the Drawing Board

N/A

Shipping and Insurance

Contract and Procurement > Award of Contract > Shipping and Insurance

The cost of transportation is a significant component in the cost of goods purchased by Business Units and delivered to the designated project site. Therefore the contract should state the mode of transport and terms of insurance to be provided by Supplier. Freight, or the cost of transportation services is particularly critical where procurement is requested for land-locked countries. In general, freight costs range anywhere from 10 to 15 percent of the total cost of goods.

Modes of Transport

Five basic modes of freight transportation – sea, rail, road, air and parcel post – are used, either individually or in combination, in international transportation. Business Units should consider modes of transport that are both economical and efficient. In general, rail, road and air transport costs are comparatively higher than freight by sea, thus UNDP recommends sea transport. To ensure sound delivery however, it is advisable to select a conference liner, which operates along definite routes and pre-determined ports of call.

2.0 Relevant Policies

The International Commerce Terms (INCOTERMS) define the obligations of both buyer and seller relating to shipment of goods. INCOTERMS 2000 shall govern shipment terms of all UNDP contracts.

Commonly used terms in UNDP procurement include:

- for local procurement use the term “FCA” (Free Carrier);
- for international procurement where the transportation is arranged by the Business Unit, use the term “FOB” (Free on Board) or “FCA”, depending on where the goods are to be delivered;
- for international procurement where the Supplier arranges for transport, use the term “CPT” (Carriage Paid To);
- for international procurement where the Supplier arranges both transportation and insurance, use the term “CIP” (Carriage and Insurance Paid To); and
- for international procurement where UNDP elects for Supplier to bear all risks and costs associated with the transport of goods to the country of destination, use the term “DDU” (Delivered Duty Unpaid). Note that this method is expensive and should be used only during emergency operations or for the procurement of medical supplies.

All the terms referred to above should be followed by named place/destination point.

3.0 Flowchart
4.0 Procedures

4.1 Markings
To facilitate the identification of goods and handling whilst in transit, Suppliers should be instructed to provide "shipping marks" on all packages:
- consignee;
- destination;
- port of unloading;
- project identification;
- order number; and
- case number.

4.2 Receipt of Consignments
When a consignment is delivered to the consignee (i.e., forwarding agent, Business Unit), it is common practice for the carrier to request a receipt. At the same time, the consignee should perform a cursory inspection of packages against all shipping documents. If, in apparent good order, it is recommended that an endorsement be so given (e.g., "received in good external condition – contents unchecked"). If, however, signs of tampering are visible, the receipt should state necessary reservations (e.g., "cases broken", "contents lacking", "cartons opened with sign of pilferage"). Where possible, packages should be weighed to determine differences between declared and actual weights, documenting any discrepancies on the delivery notes.

4.3 Cargo Insurance
During transportation and storage, all cargo is vulnerable to a range of risks, such as damage, pilferage and theft, breakage, non-receipt of part or an entire consignment. Cargo insurance thus provides protection against potential financial losses resulting from such risks. Business Units should ensure the following:
- Protection for goods subject to risks, including war, strikes, riots and civil commotions.
- The duration of insurance coverage is sufficient for the period of transportation from "warehouse to warehouse," including a minimum of 30 days, estimated for storage at the destination site.
- Goods are insured for the cost, insurance and freight (CIF) value plus an agreed percentage, generally 10 percent, to reflect the indirect cost to the Business Unit incidental to cover, or replace goods.

Standard UNDP cargo insurance policies are negotiated and maintained by OLPS.

In the event of damage or loss, procurement personnel should contact the insurance underwriter within one week of discovery for further advice.

5.0 Inputs
N/A

6.0 Deliverables
N/A

7.0 Roles and Responsibilities

Forwarding Agents
Forwarding agents, known also as freight forwarders or freight brokers, act as international freight forwarders, clearing agents or custom brokers to carry out the formalities and operations of consignment. Generally employed to receive consigned goods where UNDP staff may not be physically present, forwarding agents engage in the prompt clearance and collection of goods vulnerable to loss and pilferage. Business Units should forward to the respective forwarding agent all necessary documents (i.e., bill of lading, shipping instructions) for the release of goods in transit.

8.0 Templates and Forms
N/A

9.0 Additional Info. and Tools
- International Chamber of Commerce
- UNDP Cargo Insurance

10.0 Lessons
N/A

11.0 On the Drawing Board
N/A

Handling of Procurement Complaints

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<th>PSO</th>
<th>Focal Point</th>
<th>Ethelind Capuno, Alfonso Fernandez</th>
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1.0 Description
It is important to distinguish between general enquiries, bidders debriefings and bidders complaints.
4.0 Procedures

In case the Director of PSO identifies potential misconduct in the handling of procurement, the case will be referred to OAI for further investigation.

In review, there may be up to three levels of review for a complaint:

1. The scope of the debriefing should be limited only to the strengths and weaknesses of the proposal submitted by the bidder who requested the debriefing;
2. Neither the comparative ratings achieved by the bidders nor other information related to the proposal of other bidders should be disclosed;
3. The tone of the UNDP staff conducting the debriefing should, in as much as possible, be calm, objective, constructive and respectful of the other party. Avoid further criticizing the proposal under discussion. Allow the other party to speak as much as necessary, and always take into careful consideration the sensitivities of an unsuccessful bidder.

Complaints shall be handled in a timely, consistent and accurate manner by UNDP staff, ensuring transparency, fairness, and accountability. The following section covers the handling of procurement complaints.

2.0 Relevant Policies

TBD

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

Any offeror or contractor who feels that he or she has been aggrieved in connection with the solicitation or award of a contract by a UNDP office may file a protest with the Business Unit (i.e., RR or Head of the Business Unit).

Procurement protest is defined in this context as any allegations made by an individual or entity with respect to failure of UNDP or any of UNDP staff to comply with relevant procurement procedures and uphold the basic principles and standards of integrity, transparency and fairness expected in the public procurement context.

To be completed, the protest must contain the following information:

- The protestor's name, address, telephone number and fax number;
- The solicitation or contract number, the name of contracting office;
- A detailed statement of all factual and legal grounds for the protest and an explanation of how the protestor was wronged;
- Copies of relevant documents supporting protestor's statement;
- A statement as to the form of relief;
- All information establishing that the protestor is an interested party for the purpose of filing a protest; and
- All information establishing the timeliness of the protest.

Once received, the Unit must:

- Acknowledge receipt within two working days, indicating that UNDP is reviewing the issues raised;
- Submit copy of the protest letter and UNDP's acknowledgement to the Director of PSO, for purposes of entering the case in the Corporate Complain Log;
- Record the complaint in the Country Office/Business Unit Complain Log;
- Inform the RR and Head of Business Units of the receipt of the protest, who should then nominate the responsible focal person who will be able to conduct the due diligences and investigation in the most neutral and objective manner;
- Initiate an investigation of the allegations;
- If necessary, seek an advisory opinion from PSO, Legal, or RCPO;
- Prepare an Investigation Report and include suggested remedies (if required);
- Document the case results on a memo to file;
- The RR or Head of the Business Unit will submit a letter that responds to the issues raised by the protestor and addresses any other issues which, even if not raised by the protestor, may have been identified by the Business Unit as being relevant to the fairness of the procurement process. It is important that the communication comes from the RR or Head of the Unit as the highest delegated authority.

4.1 ESCALATION OF PROTEST

The RR or the Head of Business Unit must address in the first instance any complaint or protest from an unsuccessful offeror, with a copy submitted to the Director of PSO. The Business Unit should also advise in its response that should the protestor not be satisfied, the complaint, along with the response, should be forwarded to the Director of PSO, who will undertake a review and make a decision which is final and binding on all concerned. Furthermore, at any time, the RR/RC may contact the Office of Audit and Investigation (OAI).

In case the Director of PSO identifies potential misconduct in the handling of procurement, the case will be referred to OAI for further investigation.

Complaints shall be received in writing. In the case that they are received by other means, the offeror will be requested to submit them in writing, in accordance with point 5.0 on inputs.

In review, there may be up to three levels of review for a complaint:

1st Level – Country Office: in which a letter by the RR or Heads of the Unit is submitted to the offeror;
2nd Level (if requested) – PSO: in which an offeror is not satisfied with the provided response and seeks PSO intervention;
3rd Level (if applicable) – OAI: in which OAI is contacted directly by the supplier, by the Country Office or by PSO, at any time.

Protest prior to award

When a protest is filed prior to award, a contract shall not be awarded unless the following conditions are established:

- It has been determined that due diligence was conducted at the Country Office level, leading to the conclusion that there is no solid ground for the protest;
- It has been determined by the RR or Head of the Business Unit that the goods, works or services must proceed as a result of genuine exigency of service, or that a prompt award would be in the best interest of UNDP.

Where the above conditions exist and are properly documented, the RR or Head of the Business Unit will award the contract and simultaneously provide written correspondence to the offeror.

In case the above conditions do not exist, the contract should not be awarded until the protest has been closed.

Protest after award

When a protest is filed after award, the RR or Head of the Business Unit shall immediately initiate investigation and conduct due diligences at the Country Office level to determine whether or not there are valid grounds for the protest. These findings and the assessment of the impact of the contract suspension will be the basis for determining whether contract suspension is necessary until the entire process has been concluded, or whether it is best to continue with the contract execution while the review process is ongoing.

4.2 COMPLAINT LOG

The Country Office or relevant Business Unit will maintain a Complaint Log recording all complaints made during the calendar year. A copy of the Complaint Log shall be submitted every six months to the Director of PSO with copy to the Regional CPO (in the absence of the Regional CPO, it will be copied to ACP). At the same time, PSO will maintain a Corporate Complaint Log for any complaints escalated to HQ.

The Complain Log will include the following information as a minimum:

- Complaint Reference; to be provided in chronological order (i.e., 1,2,3…)
- Project Reference/Case Reference
- Protestor company/individual
- Complaint start/dates of reception
- Complaint end/date of termination
- Main findings

Complaints on Legal Grounds

General inquiries regarding UNDP procurement policies and procedures, are dealt by the Procurement Unit. These are considered clarifications, many of which are administrative or technical in nature.
Any claim which may not settle amicably shall be immediately referred to LSO.

5.0 Inputs

To be completed, the protest must contain the following information:

- The protestor’s name, address, telephone number and fax number;
- The solicitation or contract number, name of contracting office and the name of the procurement officer in question;
- A detailed statement of all factual and legal grounds for protests, and an explanation of how the protestor was wronged;
- Copies of relevant documents supporting protestor’s statement;
- A statement as to the form of relief;
- All information establishing that the protestor is an interested party for the purpose of filing a protest; and
- All information establishing the timeliness of the protest.

6.0 Deliverables

- Investigation Report
- RR or Head of Business Unit response letter
- Complain Log update

7.0 Roles and Responsibilities

RR or Head of the Unit - Upon receipt of a written protest, responses must solely be prepared and executed by the RR or Head of the Business Unit. Any protests served upon UNDP staff must immediately be referred to the RR or Head of the Business Unit without further discussion or communication with the protestor. Protests served by Permanent Missions to HQ must be referred to PSO.

Scribe - focal person nominated by the RR or Head of the Unit Responsible for the maintenance and accuracy of the Complaint Log

8.0 Templates and Forms

N/A

9.0 Additional Info. and Tools

N/A

10.0 Lessons

When handling complaints, staff must not:

- Enter into discussions with bidders regarding the complaint or communicate any opinion (except to acknowledge receipt of the complaint);
- Provide bidders with details on the evaluation while the process is going on;
- Make available or disclose UNDP correspondence or documents related to the evaluation process;
- Discuss anything other than the complainant's own bid after notification of contract award.

11.0 On the Drawing Board

Edit text here

Contract Management

Once a contract has been awarded and signed, contract management is the process, which ensures that all parties to the legally binding agreement fully meet their respective obligations as efficiently and effectively as possible. The contract management process allows a Business Unit to track and manage the clauses, terms, conditions, commitments and milestones throughout the life of its contracts to maximize business benefits and minimize associated risks. Contract management includes monitoring performance (i.e., quality standards, delivery), effecting acceptance and payment, initiating amendments and orderly resolution of any disputes that may arise in the overall process. Further, contract management ensures that all residual obligations, such as warranties, guarantees and after sales services and support are clearly defined in terms of responsibility, liability, procedures and timelines.

Relevant Policies

- UNDP Financial Regulations and Rules

Payment and Taxes

Once a contract has been awarded and signed, payment, tax and other financial aspects of the contract shall be managed and controlled to ensure that financial obligations are met, taxes are paid, and financial records are maintained, and reported as per the relevant legal framework.
1.0 Description

1.1 Advance and Progress Payments

Except where normal commercial practice or the interests of UNDP so require, no contract or purchase order shall be made on behalf of UNDP requiring an advance payment(s) for goods or the performance of contractual services. If an advance payment is agreed to, all reasons therefore shall be documented. If the contract calls for an advance payment exceeding USD 30,000, the Supplier shall be asked to provide a bank guarantee (valid for the duration of the contract) or certified cheque. The advance payment, in all cases, should not exceed 20 percent of the total contract amount. Examples of activities that may justify an advance payment are (1) mobilization costs (civil works); (2) start-up costs (services); or (3) design costs.

Any interest earned by a payee on an advance payment by UNDP shall be recoverable and, when paid to UNDP, credited to miscellaneous income in the UNDP accounts.

In the case of progress payments, the RR or Head of the Business Unit may, where appropriate (i.e., in the interest of UNDP) authorize such payments. Progress payments, however, should be linked to the successful completion of requested deliverables.

To recover an advance payment, progress payments and the final payment shall be subject to a percentage deduction equal to the percentage that advance payment represents over the total price of the contract.

1.2 Taxes

UNDP, as a subsidiary organ of the United Nations, is exempt from direct taxes such as income tax, and is entitled to reimbursement of indirect taxes, such as sales tax and VAT, on important purchases. This is derived from the Convention on the Privileges and Immunities of the United Nations, adopted by the General Assembly in 1946 (General Convention), Sections 7 and 8, respectively.

While in some countries, governments have provided an outright exemption to indirect taxes, in most countries, Business Units may be required to pay taxes and further seek reimbursement. Governments are required under the General Convention to provide a mode of reimbursement on important purchases. The policy of the United Nations, including UNDP, is that all of our purchases are “important”, as they are recurring and necessary for UNDP to carry out its official activities. Country offices should liaise with the Ministry of Foreign Affairs to ensure reimbursement.

Any difficulties with respect to exemption from taxation or reimbursement of taxes should be addressed to the Director of OLPS.

2.0 Relevant Policies

- UNDP Fin. Rule 125.11(a) (May 2005).
- UNDP Fin. Rule 121.11(b) (May 2005).
- UN Convention on the Privileges and Immunities of the United Nations

3.0 Flowchart

Click to enlarge image

4.0 Procedures

Payment Terms

In the case of goods, payment should correspond to agreed upon delivery terms. In all cases, except where delivery terms DDU or DAF are utilized, payment should be made within 30 days upon receipt of shipping documents and invoices. Similarly, in cases where delivery terms DDU or DAF for supply are used, payment may be made within 30 days upon receipt of goods.

5.0 Inputs

N/A

6.0 Deliverables

- Advance Payments
- Progress Payments
- Milestone Payments
- Taxes

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms

N/A
Management of IC

Overview of IC Guidelines
- Legal Status of IC
- Selection and Engagement of IC
- Payment of IC
- Termination of IC

Related Sub Processes
- Legal Status of IC
- Selection and Engagement of IC (I)
- Selection and Engagement of IC (II)
- Payment of IC
- Termination of IC

For an IC overview/table of content - please click here

Description

Relevant Policies

Contract Management

Breach or Termination of Contract

1.0 Description

1.1 Breach of Contract

Suppliers are liable for any material breach of their contractual obligations. A material breach is defined as when the UNDP is deprived of significant value reasonably expected from the contract. If a Supplier materially breaches an obligation(s), the Business Unit should provide written notice to the Supplier, with a copy to PSO, allowing Supplier a commercially reasonable period of time to cure the defect. In the event that the Supplier fails to cure the alleged breach, the Business Unit must inform PSO and/or the CPO.

1.2 Termination of Contract

A contract can be terminated when (1) there is a material breach of the entire contract and the breach has not been cured or waived; or (2) the agreement allows cancellation for the breach. However, termination of a contract is not a recommended course of action. If the procuring entity still wishes to seek termination, procurement officers should contact LSO for guidance and approval.

2.0 Relevant Policies

- UNDP Financial Regulations and Rules

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures
5.0 Inputs

N/A

6.0 Deliverables

To develop and maintain a list of qualified Suppliers, Units and COs should evaluate the Contractor’s performance, in the event that the CO or Unit wishes to retain the Supplier in the future. COs and Units should assess the Contractor’s performance identifying whether the Contractor “meets the expectation,” “does not meet the expectation” or “exceeds the expectation under the following attributes:

- quality of goods and services;
- delivery;
- after-sales service;
- accuracy of documentation;
- speed of response; and
- cooperation.

7.0 Roles and Responsibilities

N/A

8.0 Templates and Forms

N/A

9.0 Additional Info. and Tools

N/A

10.0 Lessons

N/A

11.0 On the Drawing Board

N/A

Management of IC

Contract and Procurement > Management of IC

Overview of IC Guidelines

Legal Status of IC

Selection and Engagement of IC

Selection and Engagement of IC (II)

Payment of IC

Termination of IC

Overview of IC Guidelines

Contract and Procurement > Management of IC > Overview of IC Guidelines


Responsible Unit
PSO

Focal Point
Ethelind Capuno, alfonso fernandez

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Applicability
All UNDP Staff

Summary of changes (one entry per revision)
Tagged

1.0 Description

The below index will work as a table of contents helping you navigate the IC Guidelines in the POPP

2.0 Relevant Policies

The IC Guidelines are divided into a number of sub-processes covering the following issues:

SELECTION AND ENGAGEMENT OF IC (I)

- 4.1 Prerequisites for Contracting
- 4.2 Competitive Selection Process
- 4.3 Direct Contracting
- 4.4 Procurement Review Committees
- 4.5 Issuance of a Contract (Individual Contract/Reimbursable Loan Agreement
- 4.6 Computerized System for Individual Contract Administration
- 4.7 Commencement of Services
This sub-process describes policies and procedures relevant to the Delegation of Procurement Authority for the award of the IC as well as the correct use and the legal status of an Individual Consultant/Contractor (IC).

2.0 Relevant Policies

1.2 Overall Procurement Authority

The overall authority for the award, issuance and administration of Individual Contracts rests with the Chief Procurement Officer (CPO), who has delegated such authority to the Resident Representatives (RRs), Bureau Directors, heads of out-posted headquarters (HQ) units and other heads of various offices at headquarters.

1.2.1 Delegation of Procurement Authority

- Resident Representatives, Bureau Directors, heads of out-posted HQ units and other heads of various offices at headquarters, have authority to award a contract or series of contracts with the same individual (IC)/entity (RLA), of up to USD 100,000. This authority applies whether the Individual Contract is awarded based on a competitive process or as a result of direct contracting (waiver of competition). Any increased delegation of authority granted does not apply to Individual Contracts.

- For Individual Contracts or a series of Individual Contracts awarded to the same individual over a 12 month period with a cumulative value above USD 100,000, the procurement authority to award the contract remains with the CPO. For purposes of calculating the cumulative amount, the 12 month period begins 12 months prior to the expected date of contract commencement.

1.2.2 Limits of Delegated Authority

Consultant Fee

For country offices, any Individual Consultant/Contractor with a daily fee exceeding USD 1,000 (excluding travel expenses and daily allowances/per diems), regardless of contract duration, requires approval of the daily fee from the regional bureau director. For HQ units and out-posted HQ units, the approval needs to be granted by the head of the bureau and for independent offices such as the Office of Audit and Investigations (OAI) or the Evaluation Office, by the head of the office. Submissions need to be presented using the "Consultant Fee Approval Form." Any such approval must be obtained prior to and be included in any required
8.0 Templates and Forms
7.0 Roles and Responsibilities
6.0 Deliverables
3.0 Flowchart
2.0 USE OF THE IC
2.1 Correct Use of the Individual Contract
The following are the conditions for which the IC is the appropriate contract to be used:

- a) When the required services cannot be met from within the existing staff resources for lack of specialized knowledge and/or expertise;
- b) When the assignment is results-oriented and can be completed outside of the office or within the office for a finite period of time linked to deliverables, and requiring the performance of a non-staff function (which may also include support services); and
- c) For any of the activities that a Service Contract (SC) would be used for that are less than 6 months, except in the case of exceptional situations as per Section 4.36 of the Service Contract User Guide. For further details, please see Section 4.1 of the Service Contract User Guide.

2.2 Incorrect Use of the Individual Contract
The IC is not appropriate for the following purposes:

- a) To perform staff functions: including but not limited to areas such as programme/project, and operations;
- b) As a stop-gap measure, such as filling posts temporarily vacated by a UNDP staff member on any form of absence or leave (annual, home, maternity/paternity leave, special leave with or without pay, etc.);
- c) When recruitment of a new staff member for an existing position in an office is taking longer than usual for whatever reason;
- d) To fill regular and continuing functions in an office;
- e) To re-rotate a staff member whose previous post/function has been abolished;
- f) As a means of placing a staff member on a short-term probationary period, even if a competitive selection process has been completed, prior to confirming the staff member’s appointment to a fixed-term contract or other contract modality;
- g) When a post is created on an experimental basis and the office would like to determine whether the said post and functions should be made a regular post/function in the office.

3.0 LEGAL STATUS, RIGHTS AND OBLIGATIONS
3.1 Legal Status
Individual Consultants/Contractors serve in their independent, individual capacity and not as representatives of a government or of any other organization including UNDP. They are neither “staff members” under the UN Staff Regulations and Staff Rules nor “officials” under the Convention on the Privileges and Immunities of the United Nations.

Individual Consultants/Contractors may be given the status of “experts on mission” in the sense of Section 22 of Article VI of the above-mentioned Convention. Such determination is made in each case by the UN Secretary-General who alone has the authority to authorize their assignment in this capacity. These experts are entitled to be paid for their services, and in the case of their return to their home country, to compensation for any expenses incurred.

During the period of service with UNDP, Individual Consultants/Contractors are required to uphold the standards of conduct set forth in their contract and the "Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission" (ST/SGB/2002/5). Individual Consultants/Contractors are bound by the terms of their contract to respect the impartiality and independence of the UN and exercise the utmost discretion in all matters relating to the performance of their functions. During the period of service with UNDP, Individual Consultants/Contractors may not engage in any activity that is incompatible with the discharge of their duties with the Organization. They are to exercise the utmost discretion in all matters of official business of the Organization.

Unless specifically authorized by UNDP, Individual Consultants/Contractors may not communicate at any time to the media, or to any institution, person, government or other external authority any information that has not been made public and which has become known to them by reason of their association with UNDP, except in the course of their duties or by authority of the UNDP Administrator or his/her designate, nor shall they use the information for private advantage. These obligations do not lapse upon cessation of their service with UNDP.

3.2 Title Rights
The title rights, copyrights, patents, and all other rights of whatever nature in any material produced under the provisions of the Individual Contract shall be vested exclusively with UNDP. At the request of UNDP, the Individual Consultant/Contractor will assist in securing such title or property rights and in transferring them to UNDP in compliance with the requirements of the applicable law.

3.3 Audit and Investigations
Allegations of wrongdoing by Individual Consultants/Contractors shall be reported to the Office of Audit and Investigations, which may, at its discretion, conduct an investigation. Individual Consultants/Contractors are required to fully cooperate with any audit or investigation conducted by UNDP.

3.4 Individual Consultant/Contractor Rights and Obligations
The rights and obligations of the Individual Consultant/Contractor are strictly limited to the terms and conditions of the Individual Contract. More specifically:

- i) Individual Consultants/Contractors are specifically engaged for their skills and expertise, and to provide identified deliverables. Under specific circumstances, Individual Consultants/Contractors can participate as non-voting members of corporate committees providing advisory services/support in substantive area of expertise.
- ii) Individual Consultants/Contractors are responsible for paying taxes deriving from their earnings with UNDP in their home country. In cases where they are on assignment outside of their home country and benefit from the status of “persons performing services” for UNDP in accordance with the Standard Basic Assistance Agreement (SBAA) or other applicable treaty of the country issuing the Individual Contract, their earnings from UNDP in the country of assignment are immune from taxation.
- iii) Individuals/Individual Contracts are not entitled to any benefits, compensation or subsidies except those explicitly provided for in the Individual Contract (IC). Therefore, Individual Consultants/Contractors are entitled to staff entitlements such as annual leave (AL), sick leave (SL), or maternity leave.
- iv) Individual Consultants/Contractors are not entitled to reimbursement of any taxes.
- v) Individual Consultants/Contractors must not be given any form of representational, supervisory approving or signing authority for committing UNDP into any legal and/or financial obligations (e.g., Atlas approving authority, signing of contracts, etc.). An affiliated UNDP e-mail address may be granted and in case access to the UNDP intranet is required, the supervising UNDP staff will request it.
- vi) Individual Consultants/Contractors do not participate in the United Nations Joint Staff Pension Fund (UNJSPF) and will not be eligible for any benefits from the Pension Fund in respect of the period of service under an Individual Contract.

3.5 No Employer/Employee Relationship
Individual Consultants/Contractors are not staff members and UNDP offices must ensure treatment of the Individual Consultants/Contractors accordingly. For example, as Individual Consultants/Contractors, they must not hold positions in the UNDP Staff Association/Council and may not have any voting rights in UNDP. They may participate in global UNDP surveys.

3.0 Flowchart
There is no flowchart for this sub-process.

4.0 Procedures
5.0 Inputs
6.0 Deliverables
7.0 Roles and Responsibilities
8.0 Templates and Forms

Standard Basic Assistance Agreement (SBAA)

Convention on the Privileges and Immunities of the United Nations

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4.0 SELECTION AND ENGAGEMENT OF ICs (I)

When initiating the selection process for an Individual Contract, the requesting unit must first determine whether intellectual services (requiring a consultant) or support services (requiring a contractor) are needed. This distinction should be reflected under the terms of reference, evaluation method, and payment terms.

4.1 Prerequisites for Contracting

The following are prerequisites for engaging Individual Consultants/Contractors under an Individual Contract:

- a) Budgetary Provisions: Managers of requesting units must ensure that funds for the services or activities are approved and available in the appropriate budget(s)/account(s); this is essential before the engagement process can begin.
- b) Assessment that the Individual Contract is the right contractual modality, especially in comparison with criteria for issuance of a Temporary Appointment (TA) or Fixed Term Appointment (FTA).
- c) Terms of Reference: Managers of requesting units are responsible for preparing terms of reference (TOR), which is developed for the assignment and is the basis for the sourcing, the evaluation and the selection of Individual Consultants/Contractors. The TOR clearly specifies the deliverables and/or activities to be undertaken and the degree of expertise required, as well as the name and title of the immediate supervisor. When creating the terms of reference, the requesting unit should consider whether the assignment requires the services of a consultant or a contractor, as well as whether a daily fee or lump sum payment option is more appropriate under the circumstances.

The TOR must indicate the individual(s) to whom the Individual Consultants/Contractors will report deliverables and must clearly reflect the following:

- General background information on the context of the engagement;
- Objectives of the assignment;
- Scope of work, which must be consistent with the budget for the works, and contain a detailed description of the deliverables and activities to be performed;
- The duration of the assignment, duty station and expected places of travel, if any is required;
- Detailed provision of monitoring and progress controls, including reporting requirements, frequency, format and deadlines;
- A clear and unequivocal definition of the final products or deliverables (e.g., survey completed, workshop conducted, data collected, reports written, etc.), timeframe for completion of the deliverables and payment milestones;
- Approval process required to certify outputs prior to authorizing payment, payment milestones information if applicable;
- An unambiguous description of the selection criteria including required degree of expertise and qualifications such as specialized knowledge, language needs and experience the consultant/contractor must fulfill;
- If applicable, a detailed list of all inputs and services which will be provided to the consultant/contractor by UNDP or, where applicable, by UNDP’s implementing partners, in order to perform the contract; and
- Other relevant information.

The TOR should also state whether the assignment requires partial, intermittent or full time presence on UNDP premises, and a sound justification as to why a full time presence on UNDP premises is required, if the latter applies. If support services such as office space, equipment, secretarial services, etc. are required, the TOR should clearly state what arrangements for such needs are being made and indicate the responsible party.

4.2 Competitive Selection Process

All Individual Consultants/Contractors must, unless otherwise provided in these guidelines, be selected through a competitive process.

The holder of delegated procurement authority is responsible for instituting competitive selection procedures for engagement of all Individual Consultants/Contractors in his or her office and projects. This section covers two elements of the selection process – structuring of the consultant/contractor financial proposal (4.2.1) and a description of the process (4.2.2).

4.2.1 Setting the Consultant Fee; the importance of Market Price

As a key element of the competitive selection process, the requesting unit shall require financial proposals from IC applicants, in order to identify the market price and as an element of the evaluation. Depending on the nature and complexity of the assignment, all IC applicants will be requested to submit their financial proposals based on a lump sum or daily fee approach.

- Lump sum contracts

The financial proposal specifies a total lump sum amount, and specifies the payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments are made in installments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, it is recommended that a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days) is provided by the IC candidate. The lump sum approach is the preferred method, as it clearly links deliverables and payments transferring any unforeseen risks for the completion of the deliverable to the consultant/contractor.

- Contracts based on daily fee

The financial proposal specifies a daily fee, travel expenses and per diems quoted in separate line items, and payments are made to the Individual Consultant/Contractor based on the number of days worked.

The daily fee is all-inclusive shall take into account various expenses incurred by the consultant/contractor during the contract period:
Consultant daily rate
Health insurance as applicable
Risks and inconveniences related to work under hardship and hazardous conditions
Any other relevant expenses related to the performance of services under the IC.

The daily fee approach should only be used when clear, quantifiable deliverables are difficult to articulate prior to commencement of the assignment. The following template may be used and adapted depending on the specifics of the assignment: IC Procurement Notice.

4.2.2 Description of Selection Process

While the above provides an overview of the fee structure and cost elements to be considered in the selection process, Section 4.2.2 begins with a table providing specificities of minimum requirements depending on contract value (below 2,500 USD, between 2,500 and 100,000 USD, and above 100,000 USD). Furthermore, steps outlining the selection process will be provided.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Sourcing</th>
<th>Receipt of offers including financial</th>
<th>Evaluation</th>
<th>Reference Checks</th>
<th>Negotiation</th>
<th>Review of Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2,500</td>
<td>No competitive process necessary, just read the application notice and note to file</td>
<td>Yes, even if only one candidate</td>
<td>Does not need to be evaluated, as if 1 candidate</td>
<td>To be determined by the unit</td>
<td>Yes</td>
<td>Evaluation team prepares and signs the note to file for the IC Procurement Notice approval</td>
</tr>
<tr>
<td>2,500 to 100,000</td>
<td>At least 3 qualified applicants to be short-listed</td>
<td>Yes</td>
<td>Desk review and/or interview</td>
<td>Yes</td>
<td>Yes</td>
<td>Senior official's approval (for amounts above $30k)</td>
</tr>
<tr>
<td>Above 100,000</td>
<td>Advertisement</td>
<td>Yes</td>
<td>Interview mandatory</td>
<td>Yes</td>
<td>Yes</td>
<td>TOC approval</td>
</tr>
</tbody>
</table>

Sourcing of Applicants

Where a competitive process is required, at least three qualified (meeting minimum requirements) applicants must be identified through an advertisement, an established roster, or prior good performance under similar types of assignments or consultation with colleagues. The process for selecting applicants through a roster or through an advertisement is distinguished below:

- If applicants are identified through an established roster or other sources of information.

The procurement notice (based on the standard template - "IC Procurement Notice") and TOR are forwarded to at least three identified applicants. The notice shall clearly require applicants to submit an application including the following:

- Letter of interest/proposal (when applicable);
- Explaining why they consider themselves the most suitable for the work
- Providing a brief methodology, if applicable, on how they will approach and conduct the work
- Personal CV including past experience in similar projects and contact details of referees
- Financial proposal

The evaluation notice shall remain open for at least five (5) working days (ten (10) working days is recommended) after the date of announcement. The notice shall clearly require applicants to submit an application including all information as described above.

Reception of offers

Offer (s) based on established TOR, whether from one or more applicants will be requested and received by the procurement unit, by the stipulated deadline. Offers may be received by envelope, fax or e-mail. In the case of fax or e-mail, a dedicated fax number/e-mail account must be used to ensure confidentiality.

Evaluation Method

All applications shall be evaluated in accordance with the criteria stated in the procurement notice based on the terms of reference;

- Demonstrated technical and personal competences, e.g. subject matter understanding, analytical skills or communication skills.

The evaluation method will be determined based on whether the assignment requires a consultant (intellectual/strategic services) or a contractor (support services). This method must be identified under the procurement notice. The business unit will have the option of selecting from the two options below:

- Best value for money approach; usually used for assignments that are intellectual in nature, which takes into account a combination of the applicants’ qualifications and financial proposal. The financial proposal should account for a minimum of 30% of the total evaluation score.

- Lowest evaluated offer of technically qualified applicants, usually used for consultants or contractor performing support services.

When selecting Individual Consultants/Contractors, UNDP seeks to identify the right level of competences to ensure deliverables identified in the TOR are achieved. The evaluation process may either occur through a desk review and/or interview as described below. Nevertheless, if a desk review is used as the only evaluation method, the evaluation team chairperson shall verify the selected candidate’s capacities and competences through an interview, as part of the validation process.

The requesting unit screens all applications. A list of all applicants, indicating who meets minimum qualifications and requirements, as stated in the procurement notice, shall be prepared. The requesting unit is expected to short-list a minimum of 3 applicants from this list.

The requesting unit shall prepare an evaluation grid listing evaluation criteria as described in the procurement announcement, the weighted (score) allocated to each criterion, and a minimum threshold. The process for selecting applicants through a roster or through an advertisement is distinguished below:

- If the assignment is advertised then

A procurement notice based on the developed TOR is posted on the UNDP website and in any other place or manner that is deemed feasible (e.g. in specialized magazines or on websites or networks of other organizations or forums). The notice is posted using a standard template including background, required competencies, knowledge and academic qualifications, experience and language.

- Evaluation Criteria

Evaluation criteria should account for a minimum of 30% of the total evaluation score.

- Reference Checks are an important part of the selection process. These checks must always be conducted for the selected candidate. At least two positive references should be obtained. A positive reference check should reflect the importance of each criterion, and the minimum threshold should indicate the minimum total score at which the candidate would be perceived to meet the job requirements.

Each criterion will be evaluated as follows:

| The individual consultation/contractor has demonstrated an OUTSTANDING capacity for the analyzed competence. | 5 | (outstanding) |
| The individual consultation/contractor has demonstrated a VERY GOOD capacity for the analyzed competence. | 4 | (very good) |
| The individual consultation/contractor has demonstrated a GOOD capacity for the analyzed competence. | 3 | (good) |
| The individual consultation/contractor has demonstrated a SATISFACTORY capacity for the analyzed competence. | 2 | (satisfactory) |
| The individual consultation/contractor has demonstrated a POOR capacity for the analyzed competence. | 1 | (poor) |

When applications are evaluated through a desk review, the requesting unit establishes an evaluation team (minimum 2 members, preferably consisting of 3 - including one from a unit other than the requesting unit (program/operations), with a suitable background. At least one of the members must be UNDP staff and will take the role of evaluation chairperson. The evaluation team must assess and rate each shortlisted applicant based on submitted documentation using the evaluation grid. When applications are evaluated through an interview, the interview panel (ad hoc established as stated above by the requesting unit, including one member from another unit (program/operations)) shall agree—prior to the interviews—on the questions the applicant should be asked and the skills and knowledge that they are expected to demonstrate in response thereto. Questions should clearly relate to the established evaluation criteria. In order to ensure fairness, applicants shall be asked the same set of questions during the interview. The interview panel must assess and rate short-listed applicants based on their submitted documentation and their performance at the interview by use of the evaluation grid.

- Applicants short-listed for interview shall be informed at least twenty-four (24) hours in advance of the interview. In situations where an applicant withdraws his or her application, the requesting unit can include the most qualified applicant for interview provided that the applicant’s profile meets TOR criteria.

- Upon completion of the desk review/interview, the evaluation team shall discuss all the applicants and agree on the most suitable candidate; the evaluation team shall then finalize its ratings and prepare and sign interview/desk review minutes.

- Reference checks are an important part of the selection process. These checks must always be conducted for the selected candidate. At least two positive references should be obtained. A positive reference check should reflect the importance of each criterion, and the minimum threshold should indicate the minimum total score at which the candidate would be perceived to meet the job requirements.

Fee Negotiations

Fee negotiations are an important part of the selection process. The process for negotiating fees should be fair, transparent, and consistent with the requirements of the IC Procurement Notice. The negotiation process should be based on the financial proposal and the evaluated capacity of the candidate. The process should ensure that the selected candidate is compensated fairly for their work.

The procurement notice shall remain open for at least five (5) working days (ten (10) working days is recommended) after the date of announcement. The notice shall clearly require applicants to submit an application including all information as described above.

Reception of offers

Offer(s) based on established TOR, whether from one or more applicants will be requested and received by the procurement unit, by the stipulated deadline. Offers may be received by envelope, fax or e-mail. In the case of fax or e-mail, a dedicated fax number/e-mail account must be used to ensure confidentiality.
Once the best qualified applicant has been identified, the fee may be negotiated. A minimum of two (2) staff members (preferably one from the beneficiary unit and the other from the procurement staff) shall take part in the negotiations. The basis for negotiation is the financial proposal submitted by the individual in the offer. Thereafter, the negotiation takes into consideration the available budget for the assignment, the established payment rates for international Individual Consultants/Contractors, or local market rates for local Individual Consultants/Contractors. The requesting unit shall make no commitments prior to proper award of contract and the applicant must be informed that the result of the evaluation and negotiations is subject to approval of the contract award by the relevant procurement authority. The final negotiated agreement needs to be put in writing in a note to file prepared and signed by the negotiation team and retained for internal records.

**Award**

Once the contract award is determined, the contract, depending on the amount and duration, may require further review prior to approval by procurement. For information regarding delegation of procurement authority and limits to delegated authority, please refer to Sections 1.2.1 and 1.2.2. Procurement review requirements are discussed under Section 4.4.

### 4.3 Direct Contracting

All Individual Consultants/Contractors should be selected through a competitive process. Under certain circumstances, and subject to proper justification, it may be appropriate to consider a single applicant as the sole suitable individual for selection. Justification for direct contracting must be from those categories listed under 121.05 of the UNDP Financial Rules and Regulations. In such cases, the process is as follows:

- Direct contracts from USD 2,500 to USD 100,000 require approval of the RR/Head of the Business Unit.
- For direct contracts above USD 100,000 the justification for direct contracting and the best value for money analysis needs to be reviewed and endorsed by the Deputy Resident Representative, Deputy Country Director, Operations (DDR(O)), Deputy Director, Country Director, Operations (DDC(O)), Operations Manager (OM), Head of the Procurement Unit or CAP Chairperson, prior to the final approval by the procurement authority, RR/Head of the Business Unit, or delegated procurement authority.
- Direct contracts from USD 100,000 or more require Regional Advisory Committee on Procurement (RACP) approval (in the absence of RACP, cases will be reviewed by ACP).

For further information on direct contracting, please see “Procurement Methods” under the “Contract and Procurement Management” section of the POPP.

### 4.4 Procurement Review Committees

#### 4.4.1 Contract, Asset and Procurement Committee (CAP)

Individual Contracts or series of Individual Contracts awarded to the same individual/entity with a cumulative value of less than USD 100,000 per business unit over a 12 month period, whether the contract is awarded based on a competitive process or direct contracting, do not require a review by the Contracts, Asset and Procurement (CAP) Committees prior to approval.

#### 4.4.2 Regional Advisory Committee on Procurement (RACP)

Individual Contracts or series of Individual Contracts awarded to the same individual with a cumulative value above USD 100,000 per business unit over a 12 month period require Regional Advisory Committee on Procurement (RACP) approval. For purposes of calculating the cumulative amount, the 12 month period begins 12 months prior to the expected date of the new contract commencement. This threshold applies whether the contract is awarded based on a competitive process or direct contracting (waiver of competition). Individual Contracts submitted for review to the RACP do not require prior review by the local CAP. Nevertheless, as an integral part of the submission process to the RACP, it is mandatory to include, as part of the submission dossier, comments from the local CAP Chairperson regarding the selection process.

Moreover, any amendment to a contract previously reviewed by the RACP, where the contract amendment either increases the total contract amount by more than 20 percent or USD 100,000 whichever is less, shall be reviewed by RACP.

Finally, any amendment of a contract not previously submitted to RACP, where the revised total contract amount is valued at USD 100,000 or more, shall be submitted to the RACP.

The Regional Advisory Committee on Procurement (RACP) reviews Individual Contract requests and provides advisory support to the Head of Offices/Bureaus on requests for Individual Contracts with regards to:

- a) direct contracting (waivers of competition);  
- b) compliance in the competitive selection process;  
- c) suitability of individual selected;  
- d) appropriate level of fees;  
- e) appropriate duration and contractual modalities for the assignment;  
- f) conformity with IC policies and guidelines taking into account restrictions in the engagement of individual contractors/consultants, such as former staff, relatives, etc.; and  
- g) recommendation on approval to issue IC.

In the absence of RACP, Individual Contracts will be reviewed by the Advisory Committee on Procurement (ACP).

### 4.5 Issuance of a Contract (Individual Contract/Reimbursable Loan Agreement)

When issuing a contract to the selected applicant, the unit must decide whether an Individual Contract (IC) or Reimbursable Loan Agreement (RLA) is appropriate. Individuals contracted through an institution or company shall be issued a Reimbursable Loan Agreement (RLA). For the purpose of the present guidelines, a company/institution shall refer to any entity legally authorized to conduct business.

Irrespective of whether an IC or RLA is used, the selected applicant must submit the following documents before the contract is signed:

- All consultants/contractors $2,500 and above should complete and sign a P11 before award of contract. (While a P11 form is a Human Resources form it is used here to ensure uniformity in the provision of personal information.)
- For an IC of 62 years or more on an assignment requiring travel, a full medical examination and statement of fitness to work must be provided (this is not a requirement for RLA contracts).

Upon approval of the recommended applicant, the procurement unit may then issue an offer for engagement of the consultant/contractor. A Letter of Intent is recommended for use mainly to facilitate issuance of visas, as and when required.

Upon completion of all of the above requirements, the Individual Contract should be provided to the Individual Consultant/Contractor for signature, together with the TOR and relevant documents referred to in the contract. No work should commence until the contract has been duly approved and signed by both UNDP and the Individual Consultant/Contractor.

### 4.6 Computerized System for Individual Contract Administration

The administration of the Individual Contract is automated. Individual Consultants/Contractors are and must be strictly treated as vendors of services, registered in the procurement module of Atlas. In order to avoid duplications in Atlas Individual Consultants/Contractors need to present an official identification (i.e. passport or national ID).

### 4.7 Commencement of Services

Neither commencement of work nor payment of remuneration is permitted before Individual Contracts are signed by both parties. Engagement of Individual Consultants/Contractors on a retrospective basis is not permitted under any circumstance. Strict compliance with this requirement should be enforced to safeguard both the interests of UNDP and the individuals concerned.

### 4.8 Post Facto

Post facts actions are not part of the procurement process. The UNDP official authorizing or approving an award without the requisite approvals is solely accountable for the action. The business unit concerned should submit a justification for the post facts action to the CPO/RGPO, who will assess and decide whether further action is necessary by concerned oversight HQ units.

### 4.9 Amendment of Individual Contract

Amendments of the IC are used when contracts are extended beyond the initial contract period and/or when there are minor modifications of contract provisions. There are two possible options for amending a contract:

- Amendment of timeframe/no-cost amendment: a short explanation should be provided on why the timeframe needs amendment (extension).
- Amendment with additional activities in line with the original TOR/cost amendment: a short justification on how the amendment of the contract will enable the contracting unit to achieve development results and any other explaining factors.

A revised TOR and/or revised deliverables will require a new competitive process. Amendments are effective only when approved by the UNDP delegated procurement authority.

### 4.10 Retainer Contract and Long Term Agreement

A retainer contract may be used to engage Individual Consultants/Contractors where feasible. It specifies the unit price and schedule of services to be rendered. The retainer contract creates a firm commitment on both parties; UNDP provides a financial commitment while the consultant/contractor provides a commitment of availability for satisfactory and timely completion of deliverables. Therefore as a retainer contract implies a financial commitment, UNDP must issue a contract with maximum expenditure level.

A Long Term Agreement (LTA) may also be used to engage individual consultants/contractors. The LTA specifies the unit price, allowing for a framework agreement to be used when the consultant/contractor’s services are needed. Unlike the retainer contract, LTAs do not require a financial commitment from UNDP at the time the LTA is signed. Financial commitments will be established on an ad-hoc basis every time services are requested within the scope of the LTA and a contract will be issued.

Both a retainer contract and LTA, as is the case with other Individual Contracts, need to be based on a competitive procurement process which includes advertisements, short-listing, and evaluation based on established criteria including financial evaluation and approval by the relevant procurement authority. For detailed information regarding how to manage the competitive selection process, see 4.2 "Competitive Selection Process".

Retainer contracts and LTAs are to be used when engaging an individual on an intermittent basis. A retainer contract or LTA should be regularly renewed depending on performance, which should be reviewed at the end of each year. Therefore, at a minimum, a competitive procurement process must be conducted every three (3) years. These agreements may not be used when a consultant/contractor is needed on a permanent basis over a period of time.

### 3.0 Flowchart

**Once the best qualified applicant has been identified, the fee may be negotiated.** A minimum of two (2) staff members (preferably one from the beneficiary unit and the other from the procurement staff) shall take part in the negotiations. The basis for negotiation is the financial proposal submitted by the individual in the offer. Thereafter, the negotiation takes into consideration the available budget for the assignment, the established payment rates for international Individual Consultants/Contractors, or local market rates for local Individual Consultants/Contractors. The requesting unit shall make no commitments prior to proper award of contract. The applicant must be informed that the result of the evaluation and negotiations is subject to approval of the contract award by the relevant procurement authority. The final negotiated agreement needs to be put in writing in a note to file prepared and signed by the negotiation team and retained for internal records.**
4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

For templates and forms, please visit the ‘Support Page for the IC Guidelines’ by clicking here.

Individual Contract Procurement Notice
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=3233603

Letter of Intent

Individual Contract
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=305019

Individual Contract (French)
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=3124838

Individual Contract (Spanish)
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=3129965

Individual Contract - General Conditions of Contract

Individual Contract - General Conditions of Contract (French)
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=3128999

Individual Contract - General Conditions of Contract (Spanish)
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=319004

Individual Contract - Duration Approval Form
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=3233627

Request to issue an Individual Contract
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963669

Individual Contract on behalf of another UN agency
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963971

IC Performance Evaluation Form
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2933882

Insurance Coverage Table
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963931

UNDP Financial Regulation 121.05(a)

Standards of accommodation for air travel - UN Report of the Secretary-General A/53/498
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2979942

Request for Exception to the Standards of Accommodation for Air Travel--TTS-3

Application for UN Certificate

Personal history form (P11)
https://intranet.undp.org/unit/bom/pso/Support%20documents%20on%20IC%20Guidelines/P11%20modified%20for%20SCs%20and%20ICs.doc

UNDP Temporary Appointment Guidelines

Certification of Payment

General Conditions
https://intranet.undp.org/unit/bom/pso/Support%20documents%20on%20IC%20Guidelines/General_Conditions_IC.docx

Individual Contract Performance Evaluation

Individual Contract Timesheet
https://intranet.undp.org/unit/bom/pso/Support%20documents%20on%20IC%20Guidelines/IC_Timesheet.doc

Procurement Notice
https://intranet.undp.org/unit/bom/pso/Support%20documents%20on%20IC%20Guidelines/INDIVIDUAL_CONSULTANT_PROCUREMENT_NOTICE.docx

Individual Contract On Behalf of UN Agency

Consultancy Duration Approval Form Review

9.0 Additional Info. and Tools

- IC Policy Videos

Consolidated Q&A

Consolidated Q&A II

Consolidated Q&A III

10.0 Lessons

11.0 On the Drawing Board
2.0 Relevant Policies

5.0 SERVICE-INCURRED LIABILITY

5.1 Statement of Medical Fitness for Work

Individual Consultants/Contractors whose assignments require travel and who are over 62 years of age are required, at their own cost, to undergo a full medical examination including x-rays and obtaining medical clearance from an UN-approved doctor prior to taking up their assignment.

5.2 Inoculations/Vaccinations

Individual Consultants/Contractors are required to have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director. The cost of required vaccinations/inoculations, when foreseeable, must be included in the financial proposal. Any unforeseeable vaccination/inoculation cost will be reimbursed by UNDP.

5.3 Service-Incurred Death, Injury or Illness

UNDP will provide a specific insurance benefit regime for the Individual Consultant/Contractor to cover service-incurred death and disability under a group insurance policy managed and administered by UNDP headquarters, for all Individual Consultants/Contractors. Reference should be made to the attached table "Insurance coverage". Individual Consultants/Contractors who, under the terms of their contract, are required to travel (domestically or internationally) at UNDP's expense or to perform services in a UNDP office, will also be covered by corporate service-incurred liability insurance, in the event of death, injury or illness attributable to the performance of official UNDP duties. This insurance for Individual Consultants/Contractors is centrally administered by PSO/BoM in New York. This insurance premium will be recovered from the requesting unit on a periodic basis.

5.4 Malicious Acts Insurance Policy

Individual Consultants/Contractors who provide services in, or travel at UNDP's expense to, a designated hazardous duty station are covered by the Malicious Acts Insurance Policy (MAIP). Because of this, the Individual Consultant/Contractor must comply with all UN security directives. Failure to comply with such security directives is grounds for termination of the Individual Consultant/Contractor for cause and possible loss of MAIP eligibility and benefits. The office issuing the Individual Contract shall be required to ensure that the Individual Consultants/Contractors are aware of all security directives, including insurance of security clearance for travel.

6.0 TRAVEL

6.1 Travel modes applicable to IC

There are two types of travel that may be applicable to Individual Consultants/Contractors:
- Mission travel: which is generally defined as travel that is requested as part of the performance of functions under the contract. This type of travel is usually from the duty station to the place of the mission and return to the duty station.
- Travel to join duty station/repatriation travel: This type of travel is only applicable for international Individual Consultants/Contractors who do not reside at the duty station at the time of hire. Travel to join/repatriation travel applies only to international Individual Consultants/Contractors who are actually required to travel to, and depart from, the duty station. Hence, international Individual Consultants/Contractors who are working from home are ineligible. Furthermore, Individual Consultants/Contractors who are at the duty station at the time of hire are ineligible for travel to and Individual Consultants/Contractors who remain at the duty station after contract completion are ineligible for repatriation travel. Finally, when a consultant/contractor is offered a new contract for work at the same duty station before the prior contract expires, he/she is ineligible for travel between the two contracts, and a consultant/contractor is ineligible for travel to join/repatriation travel in connection with contract extensions.

Taking (or granting) leave of absence immediately before contract expiry, or postponing contract start under the new contract in order to create an unnecessary break between contracts, will have no effect on the eligibility for travel.

All envisaged travel costs must be included in the financial proposal. This includes all travel to join duty station/repatriation travel. In general, UNDP should not accept travel costs exceeding those of an economy class ticket. Should the IC wish to travel on a higher class he/she should do so using his/her own resources. Additionally, any anticipated mission travel must be included in the TOR to allow for inclusion in the financial proposal. No additional per diem costs will be provided for travel already envisaged under the contract, as these amounts should be included under the Individual Consultant/Contractor's fee in the financial proposal.

In the case of unforeseeable travel, payment of travel costs including tickets, lodging and terminal expenses should be agreed upon, between the respective business unit and Individual Consultant/Contractor, prior to travel and will be reimbursed.

6.2 Travel Expenses

Travel must eventually be reconciled using an F-10 travel claim, irrespective of whether there was a change from the original plan. An F-10 claim is not required for travel included under a lump sum contract, as payment is linked to deliverables.

Payment will be made either as a lump sum of 100% of expected travel costs prior to travel, or the consultant/contractor will be reimbursed for travel expenses upon submission of a travel claim (F-10 form) and all necessary supporting documents.

6.3 Negotiations for Unforeseen Air Travel and Per Diem Rates

The cost of any unforeseen air travel authorized by UNDP for Individual Consultants/Contractors must be negotiated prior to travel. The amount negotiated may not be any greater than full-fare economy, irrespective of the flight duration. Furthermore, agreed per diem costs for any unforeseen travel may not be any greater than the established HR DSA rates. Individual Consultants/Contractors wishing to travel in business or first class shall cover the cost of an upgrade. Travel should always be by the most direct and economical route.

On an exceptional basis, the CFO (or delegated officials) may authorize business class travel if any of the following conditions are met:
- A medical condition exists - in case the Individual Consultant/Contractor falls sick during the course of the assignment, supporting medical certification along with validation by the UN Medical Director at UN Headquarters is required.
- The consultant is considered an eminent person, such as a former Head of State, or a prominent figure in political, humanitarian or cultural areas - defined as per the Report of the Secretary-General A/53/498, Section III, paragraph 5, section (c).
- The consultant is subject to a security threat, as defined in the UN Security Plan.

Required travel qualifies as an "arduous journey", as discussed under the Report of the Secretary-General A/53/498, section III, paragraph 5, section (e). Form TTS-3 (Request for Exception to the Standards of Accommodation for Air Travel) is required, and shall be cleared and certified by the RR/RC and endorsed by the Bureau.

Required travel qualifies as an "arduous journey", as discussed under the Report of the Secretary-General A/53/498, section III, paragraph 5, section (e). Form TTS-3 shall be cleared and certified by the RR/RC and endorsed by the Bureau.

For all exceptions, supporting documentation including Form TTS-3 shall be submitted to the Chief of BOM/OFA/ASD for prior approval at least three (3) working days before the deadline of the issuance of the ticket.

6.4 Visa and Travel Documents

Internationally recruited Individual Contract holders: UNDP at its own expense will facilitate the Individual Consultant/Contractor in obtaining the necessary visas and work permits for internationally recruited Individual Contract holders who are required by the nature of their assignment to work in a country other than their own country of temporary or permanent residence.

In cases where USA is the duty station, a G-4 visa is usually required. The G-4 visa status is a non-immigrant status granted to persons employed by international organizations while stationed on official business in the United States. It is important to note that persons with G-4 visa status are required by the United States authorities to relinquish any other visa status in the United States that they may have previously held.

For identification purposes, a UN Certificate may be issued upon request for International Individual Contract holders who travel at UNDP expense, in accordance with Section 26 of the Convention on Privileges and Immunities of the United Nations of 13 February 1946, using the form PT-64 "Application for UN Certificate."

Locally recruited Individual Contract holders: individual subscribers who are locally recruited are responsible for all necessary visas and work permits required by local authorities before commencing their assignment with UNDP. Where the travel destinations form part of the TOR, UNDP shall also assist in obtaining the necessary visas to commence and complete such journey. A letter stating that the individual has been offered an Individual Contract may be issued by the UNDP office to assist in this process.

6.5 Security Clearance

Offices must ensure that security clearance is obtained for Individual Consultants/Contractors who travel to locations in Security Phase I or above.
When travel is required to a country designated Phase 1 security phase or above, the Individual Consultants/Contractors should be requested to undertake the Basic Security in the Field (BSIF) and the Advanced Security in the Field (ASIF) training. When travel to a country with no designated security phase is required, only BSIF training must be completed by the contractor/consultant. CD ROMs are available and recommended for use in more technologically challenged environments.

These requirements apply for both IC and RLA contracts.

7.0 ENGAGEMENT OF GOVERNMENT OFFICIALS, RETIRED STAFF, INTERNS AND RELATIVES

7.1 Engagement of Government Officials

Government officials shall not be hired by UNDP under Individual Contracts, unless, prior to appointment the following conditions are met: (i) a no-objection letter in respect of the individual is received from the government, and; (ii) the individual is certified in writing by the government to be on official leave without pay for the duration of the Individual Contract. A retired government official is not considered in this case a government official, and as such, may be contracted.

7.2 Engagement of Former or Retired Staff members

7.2.1 Conditions of Engagement

Former or retired staff members may be engaged on an Individual Contract provided there has been a minimum of three (3) months between retirement and engagement as an Individual Consultant/Contractor in any form by the United Nations.

Former or retired staff members may be engaged on an Individual Contract provided they are not applying for the position they retired from and they did not separate from UNDP or another organization of the UN system during the last twelve (12) months.

7.2.2 Determining Fees of Former Staff Members

Before engaging former or retired staff, the requesting unit must check the reasons of separation for:

a) abandonment of post;
b) dismissal for misconduct;
c) non-renewal of appointment for unsatisfactory service;
d) termination of appointment for unsatisfactory service; or
e) resignation in lieu of disciplinary action.

If the separation was on mutually agreed terms, the former staff member to be hired on IC may only be re-engaged as described below:

The current agreed separation policy differentiates two types of agreed separation (Type I and Type II) and in both cases:

After a break of 3 months from the last day of active service (or 1 month if the notice period is served), staff approved for agreed separation may accept short term employment under an Individual Contract (IC) and/or Service Contract (SC) not exceeding six months, subject to normal pension fund limits per year (currently up to $22,000, plus DSA as applicable). For staff who do not receive pension, this limitation is lifted after 24 months.

The pension fund limit of $22,000 per year does not apply to RLA contracts, as these contracts are executed with a company and payments are made to the company.

For more detail information regarding separation policy, please refer to the following link: http://practices.undp.org/management/hr/Staff_Services/Career_Transition/Agreed_Separations.cfm

7.2.3 Retired Staff in receipt of a Pension Benefit

Former staff members in receipt of a pension benefit from the UNISPF may not receive more than USD 22,000 per twelve month period in emoluments from the UN system or may not be engaged under a contract in excess of 6 months, whichever comes first. Retirees who opt to defer their pension benefits during the period of short-term contract are exempt from the above-mentioned limit.

The USD 22,000 annual limit applies to the gross amount of the fee under an Individual Contract, but does not include travel and terminal expenses.

7.3 Engagement of Interns

Following an internship, an intern shall have a 6-month break prior to any engagement under a staff or non-staff contract.

7.4 Engaging Close Relatives of UN Personnel

In order to avoid real or perceived family influence or conflict of interest, the Staff Rules provide that "an appointment shall not be granted to a person who is the father, mother, son, daughter, brother or sister of a staff member, unless another person equally well qualified cannot be recruited" (see Staff Rule 4.7 (a)). This prohibition also applies to individuals contracted as Individual Consultants/Contractors.

The spouse or recognized partner of a UNDP staff member may be appointed to a non-staff position when the conditions provided below are met:

a) He/she is fully qualified for the position for which he/she is being considered;
b) He/she has been selected in accordance with UNDP recruitment and selection policy requirements including a full, transparent and open competitive selection process (without any involvement of the UNDP spouse or recognized partner) where other qualified applicants were reviewed and short-listed;
c) He/she is not given undue preference by virtue of his/her marriage or common law partnership;
d) He/she is not assigned to serve in a position which is superior or subordinate in the same line of authority to the other.

For more information please refer to the "Policy on Family Relationships".

8.0 ESTABLISHING A ROSTER OF ICs

It is highly desirable for offices to establish a roster of qualified Individual Consultants/Contractors. A roster may be established at country offices, regional centers and headquarters to facilitate the identification and selection process, providing easy access to a screened pool of Individual Consultants/Contractors who are potentially suitable and who exhibit the relevant track record on the required work to be performed. These updating the Individual Consultant/Contractor rosters are expected to post an announcement, which periodically needs to be re-advertised (at least once a year) with the objective of obtaining new potential applicants. When feasible, offices may consider posting an ongoing announcement (with no submission deadlines) so that the roster is constantly updated. This approach is suitable for high demand consultancy/contractor service areas for the office.

Alternatively, applicants on the roster may be identified in accordance with the following criteria:

Applicant has previously worked for UNDP and his/her performance was satisfactory (previous track record which clearly indicates the area in which the applicant has worked for UNDP including a satisfactory, certified performance evaluation form should be available).

OR

Applicant has within the past twelve (12) months been through a selection process for a similar UNDP vacancy for which the applicant was unsuccessful but was nevertheless evaluated as a qualified applicant (documentation from that selection process clearly indicating the areas in which the applicant is qualified must be available).

OR

Applicant has within the past twelve (12) months submitted an unsolicited application or CV and has been screened for qualifications and prior work experience and found potentially suitable.

Rosters may be established by area/sub-area of expertise, global/regional/local knowledge and/or level of seniority among other criteria. For example, an office with a large Democratic Governance Program may establish a roster identifying experts in human rights, decentralization, or parliamentary development, among other areas.

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities
9.0 ROLES AND RESPONSIBILITIES

Responsibility for the effective utilization and proper management of the Individual Contract is shared with various staff in the Organization. The following is a list of the involved parties and their respective roles.

Managers of requesting units are responsible for:
- determining the purpose and duration of the temporary assignment;
- ensuring availability of funds and budgeting of the proper amounts corresponding to the duration of the agreement and any foreseen extensions, if any;
- preparation of the terms of reference with clearly defined deliverables, deadlines and qualification requirements;
- providing guidance, support, contract management and performance monitoring;
- certification of completion of milestone outputs/deliverables and authorization of disbursement of corresponding payments;
- completion of performance evaluation upon conclusion of assignment;
- amicably resolving any disputes with the Individual Consultant/Contractor.

The Procurement Unit is responsible for:
- facilitating the selection process for the Individual Consultant/Contractor;
- obtaining committees approvals where necessary and applicable;
- establishing the Individual Consultant/Contractor as a vendor in Atlas and issuing the Individual Contract;
- facilitating the engagement process such as travel arrangements, medical clearance, visas, as appropriate;
- ensuring creation of purchase orders in Atlas corresponding to the payment of fees as per contract terms;
- implementing any contract amendment as may be requested and authorized by the requisitioner;
- providing guidance to the requisitioner on IC-related policies;
- maintaining a roster of qualified and pre-screened subscribers; and
- maintaining appropriate documentation and records for the process.

Heads of Offices/Bureaus are responsible for:
- establishing a local CAP;
- instituting a competitive selection process for Individual Contract engagement in their respective office;
- exercising delegation of authority on the award of Individual Contract within the limits of their authority.

The Contract Review Committees, both CAP and ACP, are responsible for:
- recommending approval of Individual Contracts based on the threshold established in these guidelines;
- reviewing requests for compliance with the competitive selection process and conformity with policies and guidelines; and
- recommending suitability of individual selected and the fee established.

Procurement Support Office (PSO/BoM) is responsible for:
- providing the policy and instruments to administer, oversee and monitor the correct and appropriate use of this contractual modality; and
- establishing the compensation structure for contracting individuals under the Individual Contract.

Legal Support Office (LSO/BoM) is responsible for:
- legal questions involving interpretation/application of terms of the contract;
- legal advice regarding claims not resolved amicably by managers.

Office of Audit and Investigations

As part of its normal management audit responsibility, OAI will audit the use of Individual Contracts by users with delegated authority and report on its findings.

Finance Units

Finance Units make payments to Individual Contract holders against a fully completed and duly authorized Certification of Payment Form.

8.0 Templates and Forms

9.0 Additional Info. and Tools

- **IC Policy Videos**

10.0 PERFORMANCE EVALUATION

The work and performance of a consultant/contractor must be evaluated and monitored by the requesting manager on a regular basis to ensure that the contractual obligations have been fully met.

The key factors for monitoring will be the deliverables performed (based on quantity and quality), time frame and cost elements. The established TOR and contract terms and conditions are the basis for contract management.

The **IC Performance Evaluation Form** should be used and adapted to the specific needs of the assignment, in order to monitor performance.

10.0 Lessons

11.0 On the Drawing Board

Payment of IC

<table>
<thead>
<tr>
<th>Responsible Unit</th>
<th>PSO</th>
<th>Focal Point</th>
<th>Ethelind Capuno</th>
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<td>Approval Date</td>
<td>13/12/2010</td>
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1.0 Description

This sub-process outlines the payment rules to be followed by UNDP.

2.0 Relevant Policies

11.0 PAYMENT OF ICs
11.1 Payment Rates

As a guiding principle, the fees payable should be based on the minimum amount necessary to obtain quality services for UNDP. The principal consideration, however, is the nature of the assignment, the complexity, difficulty and extent of the work to be performed and the degree of expertise required to accomplish it.

The daily fee is all-inclusive and shall take into account various expenses incurred by the consultant/contractor during the contract period:

- consultant daily rate
- health insurance as applicable
- risks and inconveniences related to work under hardship and hazardous conditions
- any other relevant expenses related to the performance of services under the IC.

As a benchmark, the range for negotiating rates for international Individual Consultants/Contractors are established by PSO and are represented below:

Remuneration for local Individual Consultants/Contractors are based on the financial offer submitted by the Individual Consultant/Contractor; however local market rates for similar work of comparable quality, complexity and difficulty, or by reference to the UNDP local remuneration scale for locally recruited Individual Consultants/Contractors, may be used for fee negotiation.

11.2 Method of Payment

Payments must be linked to completion of deliverables. The standard method of payment to Individual Consultants/Contractors under the Individual Contract, whether national or international, shall be the output-based lump sum scheme. Alternatively where this is not possible due to the nature of the work the consultant/contractor was asked to undertake, payment may be made upon a monthly report stipulating tasks and achievements as well as any agreed key performance indicators.

Individual Consultants/Contractors may also be paid on an hourly or daily fee for the services provided, based on the nature of the requirement.

11.2.1 Lump Sum Contracts

The contract specifies a total lump sum fee, and furthermore specifies the payment terms (i.e. whether payments fall in instalments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. The total payment may never exceed the total lump sum fee and may only be reduced if contract obligations are not met by the Individual Consultant/Contractor.

11.2.2 Individual Contracts on Retainer

The contract specifies a "unit price" (e.g. amount per hour, amount per month, amount per translated page), and payments are made to the Individual Consultant/Contractor as follows: Unit price x number of units worked = payment

11.2.3 Contracts based on daily fee

The contract specifies a daily fee, and payments are made to the Individual Consultant/Contractor as follows: Daily fee x number of days worked = payment

Where the IC holder is paid on a daily basis, and presumably with defined ways of verifying his/her presence and performance of the tasks, then he/she shall not be paid the days when he/she was absent due to sickness or other reasons. This should not be viewed as an issue of fairness or equity. As a matter of professional practice, individual consultants/contractors determine their fees based on the costs that they foresee themselves incurring when taking on a short-term assignment.

11.3 Currency of Payment

The Individual Contract must specify the amount and currency of payment. Individual subscribers who are not required by UNDP to travel outside the country of their usual residence are normally paid in the currency of that country. Should individual subscribers be required to travel to another country, they may receive their remuneration and travel expenses in another currency when appropriate.

Payment in a hard currency such as the US dollar, or in the local currency equivalent of a US dollar amount, may be necessary in situations of highly volatile local economic conditions or civil unrest. The practice of the local UNDP office with regards to the currency of payment of local fees will serve as the basis for the best approach to follow. Payment to accounts outside of the country is not permitted when this circumvents local laws against payment in other than the local currency and in bank accounts outside the Individual Consultant/Contractor's country of residence.

11.4 Performance Evaluation upon Milestones and Final Payment

A Certification of Payment Form indicating satisfactory completion of work by the authorized official should be completed each time a payment is made. The IC Performance Evaluation Form must be attached to the Certification of Payment Form when processing final payment.

Unsatisfactory performance or failure to complete the terms of reference of an agreement must be brought to the attention of the Deputy Resident Representative (Operations) or Operations Manager in the country office, or the Procurement Support Office (PSO)/Legal Support Office (LSO), immediately upon completion of the assignment for a decision on whether to suspend payment of all or part of the amounts which may be payable to the Individual Consultant/Contractor, and whether to remove the Individual Contract from the active roster.

11.5 Pay Rate on Contract Extension

Should the services of the Individual Consultant/Contractor be extended, the extension is carried out through an amendment to the original Individual Contract. The payment fee in the amended Individual Contract must remain the same taking into account the overall services are subject to a maximum 3 year period. Adjustment of the rate may only occur upon a re-engagement under an Individual Contract for a different assignment with a modified TOR.

11.6 Taxes on Income

Fees are expressed in gross amounts and Individual Consultants/Contractors are responsible for payment of any taxes that may be due on the fees received from UNDP for their services. UNDP has no liability for taxes, duties or other payments payable by the Individual Consultant/Contractor on remuneration made under the contract.

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

Certification of Payment
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2974301

Individual Contract Timesheet
http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963964
9.0 Additional Info. and Tools

10.0 Lessons

11.0 On the Drawing Board

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**Termination of IC**

*Management of IC > Termination of IC*

- Responsible Unit: PSO
- Focal Point: Ethelind Capuno, Alfonso Fernandez
- Issuance/POPP Publishing Date: 13/12/2010
- Approval Date: 13/12/2010
- Effective Date: 13/12/2010
- Planned Review Date: 30/3/2012
- Last Revision Date: 13/12/2010
- Applicability: All UNDP Staff

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1.0 Description

This sub-process outlines the procedure to be followed in a situation of termination.

2.0 Relevant Policies

**12.0 TERMINATION**

The termination of the Individual Contract can be the result of a mutual consent of parties, or by a unilateral decision. The termination can be for convenience or for cause. In the event of a for-cause termination, the party who decides to terminate the Individual Contract for that purpose must justify its position, and follow the termination procedure.

In cases where the parties enter into disputes, they will first try to resolve them amicably. Offices are encouraged to seek early advice from LSO; if an amicable position cannot be reached, the parties must enter into arbitration, in accordance with UNDP arbitral procedure and rules.

2.1 Termination of Contract

An Individual Contract may be terminated for convenience by either party before the expiry date of the contract by giving notice in writing to the other party. The period of notice will be five (5) days in the case of contracts for a period of less than two months; and fourteen (14) days in the case of contracts for a longer period. The initiation of conciliation or arbitral proceedings, as provided below, shall not be deemed to be a ‘cause’ for or otherwise to be in itself a termination of the contract.

In the event of a for-cause termination by the Individual Consultant/Contractor, UNDP reserves the right to terminate the contract without notice and suspend all pending payments. UNDP will only pay for services already rendered in accordance with the contract and suspend further payments.

Should the contract be terminated by either party prior to its expiry date for reasons other than misconduct or reasons beyond its control, the Individual Consultant/Contractor will be compensated on a pro-rata basis for no more than the actual amount of work completed to the satisfaction of UNDP.

2.2 Settlement of Disputes

Amicable Settlement: UNDP and the Individual Contractor/Consultant shall use their best efforts to amicably settle any dispute, controversy or claim arising out of the Individual Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the Conciliation Rules then obtaining of the United Nations Commission on International Trade Law ("UNCITRAL"), or according to such other procedure as may be agreed between the parties in writing.

Arbitration: Any dispute, controversy or claim between the parties arising out of the Individual Contract or the breach, termination, or invalidity thereof, unless settled amicably, as provided above, shall be referred by either of the parties to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. For all evidentiary questions, the arbitral tribunal shall be guided by the Supplementary Rules Governing the Presentation and Reception of Evidence in International Commercial Arbitration of the International Bar Association, 28 May 1983 edition. The arbitral tribunal shall be empowered to order the return or destruction of goods or any property, whether tangible or intangible, or of any confidential information provided under the Individual Contract, or that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Individual Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 ("Interim Measures of Protection") and Article 32 ("Form and Effect of the Award") of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Individual Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate ("LIBOR") then prevailing, and any such interest shall be simple interest only. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy or claim.

3.0 Flowchart

There is no flowchart for this sub-process

4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools
1.0 Description

The objective of sourcing is not only limited to identifying suitable vendors (although this is an important goal of the process), but also to obtaining a better understanding of the market, its trends and constraints.

The following steps are components of the sourcing process:

- Define sourcing method
- Market research (understanding the market)
- Identify vendors
- Appraise and manage vendors

Before exploring sourcing methods, it is strongly advisable to identify resources that may be available at the corporate and regional level (i.e., long-term agreements, prequalified vendors or existing rosters).

Once vendors have been identified, vendor appraisal, as discussed under Section 3.3, refers to the evaluation of vendors, resulting in an eligibility determination. Financial ability, demonstrable competency in the provision of similar goods and services as required by UNDP and ethical responsibility are factors to be considered when making such a determination. Based on these criteria, UNDP may decide to suspend or remove a vendor, which prohibits UNDP offices from conducting new business or awarding new contracts to the vendor in question.

2.0 Relevant Policies

- UNDP Fin. Rule 121.03(b) (May 2005)

3.0 Procedures

1.0 Description (see above)

2.0 Relevant policies (see above)

3.0 SOURCING: Knowing your needs and the market

Before starting any actions or activities, it is important to have a clear understanding of sourcing objectives. Questions that may require consideration include:

- Is the sourcing for a stand-alone procurement activity?
- Do we want to establish a framework agreement (also called long-term agreement)?
- Do we need to identify global, regional or local vendors?
- Are we dealing with a worldwide or regional market?
- What is the budgeted amount for the goods, works or services?
- What is the risk associated with the proposed procurement action?
- Is prequalification the most suitable approach?

Setting clear objectives is strongly recommended in order to identify the best approach, actions to undertake and amount of effort required during both the market analysis and the identification process. This will also help determine whether it is more suitable to pursue a prequalification or post-qualification process.

3.1 MARKET RESEARCH

Conducting market research attains a better understanding of the market in which one operates. Depending on the risk and value of project requirements, the depth of research may vary:

- Small or standard procurement activities (i.e., purchasing off-the-shelf goods): limit research to identifying eligible vendors and establishing a realistic delivery schedule and price list
- Large and/or high-risk procurement activities: requires broader sourcing and more detailed market understanding. Conduct a thorough market analysis of five key areas including, but not limited to, (a) market structure, (b) competition, (c) supply chain management, (d) substitute goods and services and (e) agency value as a customer.

Each of the five areas of market analysis can be used depending on the information required:

- **Market Structure Analysis:** Provides information such as:
  - number of vendors in the market
  - size of vendors, both in term of production capacity and market share
  - geographical distribution of vendors
  - level of market concentration
  - whether horizontal or vertical integration exists
  - identification of market leaders and followers
  - level of product differentiation

- **Competition Analysis:**
Provides information such as:
- vendor competition and whether they seek to excel in quality, price, service or another aspect
- the existence of barriers to market entry
- the existence of exit barriers
- competitive advantage of a vendor
- market trends
- relevant government restrictions

Supply Chain Analysis:
Provides information regarding supply chain, such as:
- complexity
- stability and vulnerability
- level of dependency on other vendors for key components
- each member's contribution to the end product
- delivery and transportation methods

Substitute Goods and Services Analysis:
Provides information such as:
- current availability of goods and services that meet the needs of the end user
- substitutes under development which may alter the future market situation

Analysis of Agency Value as a Customer:
Provides information such as:
- agency market share as a customer, and relevancy as a player
- attractiveness of the agency as a customer
- level of dependency on other vendors for key components

In addition to the five areas discussed above, other factors, such as relevant legal, political, or economic considerations, may also be part of the analysis.

3.2 IDENTIFICATION OF VENDORS

3.2.1 Sources for vendor identification

Apart from market research (which will help in the vendor's identification process), UNDP Offices and units will use other internal and external sources to identify vendors. Officers may identify potential vendors through a review of registered vendors in the UN Global Marketplace (UNGM) and/or business seminars, where applicable; an expression of interest for commonly procured goods or services; or a prequalification process.

For assistance in this initial phase, the following databases and venues are available:
- **United Nations Global Marketplace**: a vendor database available to all UN procurement personnel
- **Procurement Support Office (PSO)**, Bureau of Management (BoM), UNDP
- **DACON** (Data On Consultants), a database of consulting companies maintained by the World Bank and the Inter-American Development Bank
- **Consultations with other UN organizations or agencies who have purchased similar inputs**
- **Thoms Register**, a comprehensive online resource for companies and products manufactured in North America
- **Kompas System**, a widespread database with more than 32 million references to the products and services of over 1.8 million companies
- **Prosavvy**, an online community of consulting and professional service providers
- **Trade publications, directories, vendor catalogues and professional journals**
- **Other procurement related websites**

United Nations Global Market Place (UNGM)

UNGM, formerly the United Nations Common Supply Database (UNCSD), is the main vendor database for 15 UN organizations, including UNDP. International vendors who wish to be considered for UNDP procurement contracts must register with UNGM. UNGM is a registry of vendors available to all UN procurement personnel. UNGM offers improved search facilities that allow for greater accuracy in identifying the appropriate vendors. Other features include short-listing and data export facilities, as well as a discussion forum. Registration with the UNGM, however, is not mandatory, and UNDP contracts may be awarded to non-registered vendors.

UNGM offers vendor information including contact and company details, financial information, export volume, previous UN experience and registered products and services. Vendor searches can be conducted based on products, geographical areas, UNCCS (United Nations Common Code System) codes and other product information. However, it is important to highlight that it remains the responsibility of the UNDP unit to conduct a proper background check and analysis of the vendor's suitability for specific procurement opportunities.

The UNGM also hosts an Ineligibility List, which is a central roster available to all UNDP units including Country Offices. It provides a list of vendors that are subject to sanctions that affect their eligibility. For further information regarding the UNGM Ineligibility List, please refer to Section 7.

Besides referring to the Ineligibility List, Offices are also encouraged to maintain a roster of qualified vendors to accommodate the specific needs of the programmes and activities. When identifying vendors for UNDP, procurement officers must undertake due diligence to ensure that establishing a business relationship with a vendor would be in the best interest of UNDP. A crucial first step is verifying a vendor's existence through a simple physical verification of their registered address.

3.2.2 Advertisement for business opportunities

Advertisements refer to the dissemination of upcoming solicitation information through a Request for Information (RFI), call for Expression of Interest (EOI), prequalification announcement or open announcement to encourage competition.

(i) Request for Information (RFI)

A Request for Information (RFI) is a cost-effective method to continually update a UNDP office's vendor database and to obtain further understanding of markets and existing technologies. RFI results are provided as written communications prepared by the vendor; providing the company profile and information about its products, services, resources, qualifications and experience.

(ii) Open Announcement

An Open Announcement advertises awareness in the business community of an opportunity related to a specific project, and requires advertisement in an appropriate medium (including, but not limited to, the UNDP website) depending on the nature of the procurement activity. In an open competitive bidding process, there will be no short-listed companies; therefore all vendors wishing to participate in the process are invited to do so.

Advertisements for an open competitive process often result in a more extensive evaluation process due to the large number of offers received, but they have the advantage of providing broader competition.

For procurement actions leading to an award of USD 100,000 and above,

**Sourcing** - Open competitive process is required (unless other methods like EOI or prequalification are more suitable due to cost effectiveness or complexity of procurement activities).

Advertisements should be posted under "Procurement Notice" on UNDP's website for 10-30 days.

(iv) Expression of Interest (EOI)

The call for EOI is a notice which provides general information on the requirements for goods, works or services of upcoming solicitations. Vendors are requested to express interest before a fixed deadline by submitting detailed information demonstrating experience and qualifications in providing similar goods/services. The information provided by interested vendors is assessed, and vendors eligible vendors are included in a short list of companies to be invited to submit detailed offers/proposals. This methodology to be used to continually update a UNDP office's vendor database where procurement planning has forecasted future requirements of specific goods, services, or civil works.

A UNDP Office should solicit an EOI by publishing a notice on the websites of the country office, UNDP website, UNBND and/or other relevant media. When selecting the most suitable media for posting the EOI, the unit should take into consideration which method will achieve the widest dissemination. Depending on the complexity of goods, civil works or services to be procured, between two to four weeks should be provided for responding to the request for information. In order to support the principles of transparency and fairness competition, a call for an EOI for all upcoming solicitations above USD 100,000 is required unless an advertisement for an open competitive or a prequalification announcement is undertaken.

The short-list of eligible companies must be approved and signed by the Head of the Procurement Unit prior to the dissemination of the bidding documents.

(v) Prequalification of Vendors

Prequalification of Vendors is often sought only from those vendors with requisite resources and experience, for particularly high value or complex procurement actions; vendors who meet established criteria may be prequalified. Prequalification does not guarantee that an award will be made to a specific vendor. The prequalification process, however, ensures that solicitation documents are extended only to those with adequate capacity and resources to provide the requisite goods, services or civil works.

Prequalification announcements should provide a brief description of the goods, civil works and/or services to be procured, contract terms including applicable UNDP General terms and conditions, and eligibility requirements. UNDP Offices must allow adequate time for potential vendors to prepare responsive applications for the specific procurement activity. The period between the prequalification announcement and the last date of return for completed applications should be no less than two weeks.

In addition, it is advisable to obtain prospective suppliers' annual reports, catalogues, samples or any other tangible evidence that would establish the applicants as dependable and reliable vendors. Once a list of qualified vendors has been compiled, Offices will notify successful applicants and request confirmation of their intention to submit offers. Prequalification is generally recommended for large and complex contracts (i.e., those involving USD 100,000 or more for civil works or the procurement of professional services). The lists of pre-qualified companies must be approved and signed by the designated approving officer prior to the dissemination of the bidding documents.

For further information regarding the prequalification process, see the section entitled Evaluation of Offers.

3.3 APPRAISING VENDORS

3.3.1 Qualified Vendors

An integral part of the procurement process is ensuring that vendors are responsive to project requirements and that the products and services they supply fulfill program goals and the UNDP mandate. In order for a Vendor to be qualified to bid and potentially be awarded a contract, it must demonstrate, and in certain cases certify, that it can meet the following commercial criteria:

(a) Have adequate financial resources to perform the contract and the ability to obtain them.
(b) The vendor must be able to provide audited financial statements for completed fiscal years upon request.
(c) Be able to comply fully and effectively with UNDP General Terms and Conditions of Contract.
(d) Have the necessary organization, facilities, experience, accounting and operational controls; adequate insurance and technical skills (including, as needed, quality controls, property and production control systems, standards and safety programs applicable to goods produced or services performed).
(e) Have a record of satisfactory performance with UNDP, when applicable; and
(f) Have sufficient material and financial resources to meet all existing commercial commitments.

3.3.2 Eligibility of Vendors
A Vendor is presumed to be eligible unless:
(a) It is included in the Ineligibility List, administered by UNGM, by virtue of sanctions imposed by UNDP or another participating agency in the UN System; or
(b) It was included in the Ineligibility List, administered by UNGM, by virtue of sanctions imposed by UNDP or another participating agency in the UN System, and such sanction has not been otherwise revised or revoked by the sanctioning agency;

When the Vendor is a consortium, a holding or parent company, all of its members or subsidiaries must meet these eligibility requirements.

3.3.3 Rosters of Eligible Vendors
To enhance efficiency, UNDP Offices should maintain a roster of eligible Vendors. Both the UN Global Marketplace (UNGM) and UNDP Office rosters shall be used to source relevant information on local and corporate vendors.

3.3.4 Performance evaluation
Performance of Vendors should be evaluated on an ongoing basis, and poor performance reported to UNGM or recorded in the existing UNDP roster information systems as applicable.

4.1.4.1 A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

4.1.4.2 A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

4.1.4.3 A coercive practice is an act or omission that impairs or harms, or threatens to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party;

4.1.4.4 A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

4.1.4.5 An unethical practice: is behavior that constitutes a conflict of interest, or that is contrary to the policies and requirements of doing business with UNDP, including but not limited to post-employment and gifts and hospitality provisions;

4.1.4.6 Respondent: A Vendor subject to Sanction Procedures and named in a Notice of Administrative Action.

4.1.6 Sanction: An administrative determination, including any necessary measures or rehabilitative requirements, made by the Chief Procurement Officer based on the recommendation of the Vendor Review Committee, intended to ensure compliance with UNDP Regulations, Rules and Procedures, applied by UNDP as a result of demonstrated Vendor engagement in Proscribed Practices.

4.1.7 Proscribed Practices: Actions or omissions that may take place at any time during the UNDP procurement process, including contract execution or beyond:

4.1.8 Prescribed Practices: Actions or omissions that may take place at any time during the UNDP procurement process, including contract execution or beyond:

4.1.1 Vendor: An offeror or a prospective, registered or actual supplier, contractor or provider of goods, services and/or works to UNDP. Vendors include individuals, private or public companies, whether parent, holding, subsidiary, affiliate, consortium members, or partnership, a government agency or a non-governmental organization. Employees, officers, advisers or representatives of the Vendor will be considered agents for which the Vendor is responsible under these procedures. UNDP Service Contract Holders are not considered Vendors for the purposes of these procedures.

4.1.2 Sanction: An administrative determination, including any necessary measures or rehabilitative requirements, made by the Chief Procurement Officer based on the recommendation of the Vendor Review Committee, intended to ensure compliance with UNDP Regulations, Rules and Procedures, applied by UNDP as a result of demonstrated Vendor engagement in Proscribed Practices.

4.1.3 Ineligibility List: A list that aggregates information disclosed by UNDP and other Agencies, Funds or Programs of the UN System, hosted by UNGM, updated by an Ineligibility List Administrator, and accessible to designated staff at UNDP and other participating Agencies, which specifies the name, location, grounds for ineligibility as well as a start and end expiration dates for sanctions for each Vendor that has lost its eligible status. The Ineligibility List is separate and distinct from other UN System approved lists, including but not limited to the 1267/1989 Lists.

4.1.4.1 A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

4.1.4.2 A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

4.1.4.3 A coercive practice is an act or omission that impairs or harms, or threatens to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party;

4.1.4.4 A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

4.1.4.5 An unethical practice: is behavior that constitutes a conflict of interest, or that is contrary to the policies and requirements of doing business with UNDP, including but not limited to post-employment and gifts and hospitality provisions;

4.1.4.6 Obstruction: Acts or omissions by a Vendor that prevent or hinder UNDP from investigating instances of possible Proscribed Practices.

4.1.5 Lead Sanctioning Agency: In instances where UNDP is collaborating with another UN Agency in a specific procurement action, the Agency that will submit the matter to the consideration of its VRC or similar body, opening sanctions proceedings against a Specific Vendor. The agencies shall decide amongst themselves which is to be the Lead Sanctioning Agency, taking into consideration which Agency has the most direct involvement with the matter.

4.1.6 Respondent: A Vendor subject to Sanction Procedures and named in a Notice of Administrative Action.

4.2 Relevant Policies

3.3.3.3 Rosters of Eligible Vendors
To enhance efficiency, UNDP Offices should maintain a roster of eligible Vendors. Both the UN Global Marketplace (UNGM) and UNDP Office rosters shall be used to source relevant information on local and corporate vendors.

4.1.4.1 A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

4.1.4.2 A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

4.1.4.3 A coercive practice is an act or omission that impairs or harms, or threatens to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party;

4.1.4.4 A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

4.1.4.5 An unethical practice: is behavior that constitutes a conflict of interest, or that is contrary to the policies and requirements of doing business with UNDP, including but not limited to post-employment and gifts and hospitality provisions;

4.1.4.6 Obstruction: Acts or omissions by a Vendor that prevent or hinder UNDP from investigating instances of possible Proscribed Practices.

4.1.5 Load Sanctioning Agency: In instances where UNDP is collaborating with another UN Agency in a specific procurement action, the Agency that will submit the matter to the consideration of its VRC or similar body, opening sanctions proceedings against a Specific Vendor. The agencies shall decide amongst themselves which is to be the Lead Sanctioning Agency, taking into consideration which Agency has the most direct involvement with the matter.

4.1.6 Respondent: A Vendor subject to Sanction Procedures and named in a Notice of Administrative Action.
4.2 Vendor Review Committee

4.2.1 Purpose and Mandate. The Vendor Review Committee (VRC) is an internal technical administrative body located at UNDP Headquarters in New York, created by the Bureau of Management (BOM) and tasked with making recommendations to the Chief Procurement Officer (CPO) for consideration in rendering the final UNDP decision regarding Vendor Sanctions.

4.2.2 General Procedures. In order to formulate its recommendations, the VRC shall analyze information on alleged actions and omissions by Vendors that may potentially constitute prescribed practices supplied internally by HQ Units, Outposted HQ Units and Business Units, as needed, and shall receive and consider information provided by Vendors subject to Sanctions proceedings. The CPO shall appoint regular members of the VRC as well as alternate members who shall serve in the event of a conflict of interest, as defined in section 5, below.

4.2.3 Membership of the VRC. The VRC shall consist of six (6) members, plus the Director of BOM who oversees procurement functions serving as Chairperson. The Director of the Procurement Support Office/Bureau of Management (PSO/BoM) shall be an ex officio member of the VRC. The VRC may also include as members: one Senior Officer from a Regional Bureau; one Senior Officer from a Central Bureau, one Senior Officer from UN or UNCDF and two Procurement Advisors from PSO/BoM. Each member shall be serving as needed, consistent with their existing UNDP mandates, for a term of two years, with the possibility of one (1) year reappointment, for a cumulative maximum of 4 years, or until the member’s earlier resignation, reassignment, or separation from UNDP. Members of the VRC shall sign a declaration of impartiality prior to any case before the VRC, and these declarations shall form the basis of the Record.

The Chairperson of the VRC may request the presence of a Legal Advisor from the Legal Support Office (LSO/BoM), as well as Officers from the Office of Audit and Investigations (OAI) or Ethics Office (EO), as needed. Their presence will be in an advisory capacity within the scope of their areas of expertise. They are not members of the VRC and therefore cannot vote on matters before the VRC.

4.2.4 Responsibilities of the VRC. The VRC shall make recommendations, based on the analysis of pertinent internal and external information regarding actions or omissions by Vendors that may have engaged in prescribed practices, as defined by the Vendor Sanctions Procedures. Its responsibilities include:

- 4.2.4.1 Reviewing and recommending to the CPO the dismissal or approval for submission to Vender(s), Notices of Administrative Action (NAA) drafted by the Secretariat of the VRC;
- 4.2.4.2 Drafting and recommending to the CPO the rejection or acceptance of a request for interim suspension of a Vendor;
- 4.2.4.3 Scheduling preliminary assessments of Allegations and conducting preliminary assessments of Allegations, including the preparation of a draft Notice of Allegations Action (NAA) in accordance with applicable procedures designed primarily to determine inadmissibility or to narrow the issues in the matter;
- 4.2.4.4 Receiving any additional information or advice it may deem necessary in order to make a recommendation;
- 4.2.4.5 Determining, in order to formulate a recommendation to the CPO, whether or not the information submitted during the course of the Sanctions proceedings is sufficient to support a finding that a Vendor has engaged in prescribed practices stated in the NAA;
- 4.2.4.6 When information is deemed sufficient, recommending specific sanctions or rehabilitative measures to the CPO for his or her consideration;
- 4.2.4.7 Analyzing and recommending to the CPO the rejection or acceptance of rehabilitation requests;
- 4.2.4.8 Determining, in order to formulate a recommendation to the CPO, if it would be in the best interests of UNDP to make an exception and suspend the effects of sanctions imposed by other UN Agencies;
- 4.2.4.9 Determining, in order to formulate a recommendation to the CPO, if it would be in the best interests of UNDP to make an exception and suspend the effects of sanctions imposed by other UN Agencies; and
- 4.2.4.10 Recommending to the CPO the referral of matters on a strictly confidential basis to other agencies in the UN System or national authorities;
- 4.2.4.11 Reporting on its activities to the CPO, at least once every year;
- 4.2.4.12 Any other duties, consistent with its mandate, or as may be requested by the CPO.

4.2.5 Designation and Duties of the Chairperson of the VRC. The CPO shall appoint the Deputy Director, BOM to serve as Chairperson of the VRC. In his or her capacity as chairperson, he or she shall be responsible for:

- 4.2.5.1 Submitting all VRC recommendations to the CPO;
- 4.2.5.2 In consultation with the CPO, making decisions regarding recall of members of the VRC or other parties involved with the proceedings; and
- 4.2.5.3 Determining when and pursuant over the VRC shall vote as a member or it will vote as a non-decision maker: if it is necessary in order to make a recommendation.

4.2.6 Secretariat of the VRC. The CPO shall appoint a non-regular member as the Secretary of the VRC for a period of 4 years. The Secretary of the VRC shall report to the Chairperson of the VRC and shall ensure that the Sanctions procedures are adequately followed and will interact with all interested parties at any stage of the proceedings. The Secretary of the VRC is responsible for:

- 4.2.6.1 Requesting additional information on any and all submissions to the VRC;
- 4.2.6.2 Channeling all communications among all concerned parties, draft notices and minutes and ensure that the submissions of other parties relevant to the matter are distributed to the Vendor(s), the members of the VRC, and any advisors;
- 4.2.6.3 Preparing and keeping records of all VRC proceedings and meetings;
- 4.2.6.4 Requesting any additional information on any and all submissions to the VRC;
- 4.2.6.5 Presenting any requests for interim suspension, re-opening, exigency, exceptions, reinstatement, or settlement to the VRC;
- 4.2.6.6 Channeling all communications from the VRC and the Ineligibility List Administrator, and the Chairperson of the VRC;
- 4.2.6.7_mathematical; and
- 4.2.6.8 Keeping minutes of VRC meetings and submitting to the Chairperson; Notify the Chairperson of the VRC of any Conflict of Interest that VRC Members may have regarding specific proceedings, pursuant to the Sanctions Procedures.

4.3 SANCTIONS PROCEEDINGS

4.3.1 Intake. Business units shall notify PSO/BoM of any instance where there are allegations or concerns of potential vendor involvement in Prescribed Practices. The Director of PSO/BoM shall submit allegations to OAI for their analysis and investigation where appropriate. Business units may also refer the matter directly to OAI through its intake mechanisms, such as the OAI hotline. PSO/BoM shall share all relevant information and documentation received that may aid in the preliminary assessment of the matter by OAI. The duration of this assessment will be determined by OAI and communicated to the Director of PSO/BoM. Upon completion of OAI’s assessment, the Director of PSO/BoM shall communicate to the Secretary of the VRC the decision to dismiss the matter or a formal investigation will be initiated.

4.3.2 Closure after preliminary assessment of Allegations. If OAI finds that there is insufficient evidence to substantiate the matter or determines that the allegations are not factually based, a Closure Memo shall be issued and the matter will be closed. The Secretary of the VRC shall make and include a Closure Memo for the Record.

4.3.3 Investigation Report. If OAI decides to launch a full investigation, upon completion of its investigation, OAI will submit and issue the Investigation Report together with accompanying exhibits to the Secretary of the VRC.

4.3.4 Notice of Administrative Action. Where an OAI investigation obtains credible evidence of prescribed practices, the Secretary of the VRC shall, upon receipt of the Investigation Report from OAI, draft a Notice of Administrative Action (NAA) and present its content to the VRC for its consideration. The NAA shall: Identify each Individual or entity that may be subject to Sanctions; Identify the alleged prescribed practices in detail and the factual basis that form the basis of those allegations; Identify the information; State that the VRC has an opportunity to respond to the NAA within thirty (30) days; and notify the NAA to the VRC. The VRC will make its decision within thirty (30) days of receipt of the NAA. In the event of a decision not to proceed, the VRC will provide a written explanation.

4.3.5 Approval of the NAA. The VRC shall review the draft NAA and recommend its dismissal or approval by the CPO. If the CPO does not approve the NAA, the Secretary of the VRC shall make a closure memo and place it in the file, closing the matter.

4.4 INTERIM SUSPENSION

In a situation where the VRC determines, based on information made available to the Secretary of the VRC by OAI, PSO/BoM, LSU/BoM or any other HQ Unit, that an ongoing business relationship with a Vendor involved in Sanctions proceedings as a Respondent would not be in the best interests of UNDP, the VRC may recommend to the CPO that the Respondent be suspended from participating in UNDP procurement actions pending the outcome of the Sanctions Proceedings.

An interim suspension means that the Respondent may not participate in future bidding exercises until the CPO makes his or her final decision regarding corrective measures. The Respondent and all interested parties shall be notified of the Interim Suspension in writing by the Secretary of the VRC, and it will inform the Respondent if they may be considered in ongoing procurement actions. An Interim Suspension will not be grounds for disqualification in instant procurement actions.

4.5 VENDOR REVIEW

4.5.1 Issuance of NAA. Upon approval of the Notice by the CPO, the Secretary of the VRC shall issue the NAA, providing copies of its text and any and all attachments (subject to confidentiality and privilege of UNDP) to each Respondent. The copies shall be delivered by courier service or by any other means that provide evidence of delivery. The Secretary of the VRC shall record the delivery dates of the NAA on file.

4.6 Submissions to the VRC

The submissions to the VRC, before it makes a recommendation to the CPO, shall consist of the following: (i) the Notices; (ii) a Response by the Respondent, where provided; (iii) Exceptionally, and when requested by the CPO, a Reply by the Director of PSO/BoM; and (iv) Exceptionally, a Sur-reply by the Respondent. The VRC will not deliberate its recommendation until it is satisfied that all submissions have been received and reviewed by its members.

4.6.1 Respondent’s Response. The Respondent(s) shall submit written materials to the Secretary of the VRC within thirty (30) days following the receipt of the NAA. The Respondent must present arguments and provide supporting documentation or information in response to the allegations presented. The Response will be deemed to have been submitted upon actual receipt by the Secretary of the VRC. The submission must include information, signed by an individual Respondent or its authorized agent that the information contained therein is true and correct to the best of the signee’s knowledge. The Secretary of the VRC may inform the Respondent if further information is needed in order to consider and deliberate the matter fully. The Chairperson may instruct the Secretary of the VRC to submit a copy of the Respondent’s Response to the CPO not less than fifteen (15) days prior to the close of receipt of the NAA and request their comments in writing for the VRC’s consideration within fifteen (15) days. The Chairperson may also request that OAI undertake further investigation on facts raised by the Respondent, as needed.

4.6.2 PSO/BoM’s Reply

If the VRC considers that further information is needed, it will submit, within five (5) days of receipt of the response(s), a copy to the Director of PSO/BoM. The Director of PSO/BoM will have fifteen (15) days to provide a reply together with relevant documentation to the Respondent’s Response. The VRC will limit its comments to objects of evidence and references, and will submit to the Secretary of the VRC, who will submit a copy to the Responsible(s).

4.6.3 Respondent’s Sur-reply
The Respondent will have fifteen (15) days after receipt of the PSO/BoM Reply to present arguments and information and documentation in specific rebuttal to the Reply. The Sur-reply will be deemed to have been submitted upon actual receipt by the Secretary of the VRC. The submission must include certification, signed by an individual vendor or its authorized agent, that the information contained therein is truthful and correct to the best of the signor's knowledge.

4.6 Additional Documentation and Information

If new information and documentation becomes available to either PSO/BoM or the Respondent after the submission of their respective written submissions and before the conclusion of the vendor review, the party may submit such new evidence to the Secretary of the VRC. The submission must include a brief explanation on the significance of the new documentation or information, and it must be certified as truthful and correct by the Respondent. The VRC will consider the additional documentation and information if (i) it was not known to, or could not reasonably have been known to, or by reasonable due diligence could not have been discovered by the party at the time of its submissions; and (ii) if such information and documentation is relevant to the VRC's recommendation. The VRC may, at its discretion, request the other party to respond to the additional materials, as needed.

4.6.5 Language

All written materials submitted to the VRC shall be in English, French or Spanish. Exhibits and attachments may be submitted in their original language but must be accompanied by a certified translation into English, French or Spanish.

4.6.6 Communications

Communications related to the vendor review shall be sent by mail with delivery confirmation, facsimile or "confirmation of transmission," and by electronic mail with confirmation of transmission. The Secretary of the VRC will keep records of all proceedings, including the date of receipt of Notices and successive submissions. If a Respondent refuses delivery of the Notice, the Secretary of the VRC shall determine the date of receipt. If a Respondent's address is unknown or fictitious, the Secretary shall use his or her best efforts to cause the Respondent to receive the NAA. If these efforts are unsuccessful, the Secretary will inform the member VRC, who will determine if the Vendor has received sufficient notice and whether additional efforts are required. The VRC may take action where it deems necessary when delivery could not be confirmed.

4.6.7 Extensions of Time

Either party, upon request and for good cause shown, may request an extension of time to the Secretary of the VRC, who will present the request to the VRC. The VRC may, at its sole discretion and when it considers that the request is not a delaying tactic or an abuse of sanctions process, grant reasonable extensions of any deadlines.

4.6.8 Computation of deadlines

Unless stated otherwise, “days” as used herein means calendar days, and do not include weekends and/or holidays. Holidays are the holidays officially recognized by UNDP. If the last day of any period falls on a day in which UNDP is not officially open for business, the term shall run until the end of the next day on which UNDP is officially open.

4.7 Other Procedures

4.7.1 Failure to submit a timely response

If a Respondent fails to submit a response in accordance with the above, the allegations set forth in the NAA will be deemed to be admitted by the VRC in formulating its recommendation to the CPO, subject to any reconsideration after the sanctions have been imposed.

4.7.2 Admissions

A Respondent may admit to all or part of any allegation included in the NAA without prejudice to its right to present information, documentation or arguments regarding mitigating circumstances.

4.7.3 Mitigating Circumstances

The Respondent may present documentation and arguments regarding mitigating circumstances that may be relevant to the VRC's recommendation. Such information and documentation must be submitted in accordance with the deadlines set forth above.

4.7.4 Aggravating Circumstances

The Secretary of the VRC or the Director of PSO/BoM may include in their submissions information on aggravating circumstances or information concerning previous sanctions imposed by UNDP or any other Agency in the UN System.

4.8 Settlement

The Respondent may, at any time before the VRC reaches a final determination on its recommendation to the CPO, submit an offer of settlement to the Secretary of the VRC, who shall submit it to the VRC for its consideration within five (5) days. The settlement offer must include an admission of involvement in prohibited practices, as well as an action plan for mitigating and rectifying the actions or omissions that resulted in the allegations included in the Notice. The VRC will make a recommendation to the CPO, who will approve or reject the settlement offer at his or her sole discretion.

4.9 Materials

4.9.1 Distribution of Submissions

The Secretary of the VRC will provide copies of all the submissions relating to a particular matter to all interested parties, promptly after these have been submitted to the VRC. Distribution is undertaken by the Secretary at the VRC's direction and such communication distributing the materials shall clearly state that it does not constitute a waiver of the privileges and immunities of the UNDP. The Respondent does not have the right to request any other information or documentation in the UNDP's possession. If any information is deemed privileged or otherwise confidential or if a person who provided UNDP with information that led to the allegations requested that his or her identity be kept confidential, the Respondent shall not have the right to know the individual's identity but will be informed of the allegations made and any documentation provided, which the Secretary of the VRC may redact in order to secure the informant's anonymity and/or protect any other information it deems privileged or confidential. The VRC may seek the assistance of OAI, LSO/BoM and the Ethics Office, as needed.

4.9.2 Distribution of Submissions to Others

The Chairman of the VRC may direct the Secretary of the VRC to provide materials submitted, in accordance with confidentiality principles set out in Paragraph 4.10.5 to:

· the Chairperson of the VRC, the Secretary of the VRC, and all interested parties;
· other Vendors who may be involved but are not named as Respondents; and others deemed necessary by the VRC.

In every case, the Secretary of the VRC will indicate that the information or data provided to a third party is confidential and for the purposes for which it was provided, and UNDP shall not be required to provide further information or data as such is protected from disclosure as part of the archives of UNDP under its privileges and immunities.

4.9.3 Exculpatory Materials

When instructed by the Chairperson of the VRC, the Secretary of the VRC shall provide the Respondent to any materials in the VRC's possession that may reasonably be considered as mitigating the Respondent's culpability or as being exculpatory.

4.9.4 Withholding of Sensitive Materials

The Chairperson of the VRC may instruct the Secretary of the VRC to withhold any particular information or documentation, pursuant to its determination that there is reasonable basis to conclude that providing said information or documentation may endanger the life, well-being, safety, health of any person or entity, or that is otherwise sensitive or confidential. The VRC may seek the assistance of OAI, LSO/BoM or the Ethics Office, as needed.

4.9.5 Privileged Materials

Attorney-client communications and attorney work product of any party shall be exempt from disclosure. The VRC may also determine other materials to be confidential pursuant to the UNDP's privileges and immunities, or otherwise in the best interests of UNDP. The Chairperson of the VRC shall seek LSO/BoM's consent before instructing the Secretary of the VRC to distribute such materials. The VRC may also inform concerned parties that other information or documents are confidential pursuant to the UNDP's privileges and immunities, after receiving confirmation from LSO/BoM in this respect, or disclosure is otherwise withheld in the interests of the UN.

4.10 Administrative proceedings

4.10.1 Record

In making its recommendations to the CPO, the VRC shall consider a written record consisting of all submissions pursuant to Section 4.9, records of vendor review proceedings relating to the same Respondent, and any facts that have been filed or recorded by local, state, federal or other government agencies in the Respondent's home country or country of incorporation, as well as the country where the procurement action took place, including but not limited to vital records, immigration records, real estate records, and criminal records.

4.10.2 Information and Documentation

In making its recommendations, the VRC shall have discretion to determine the relevance, materiality, weight and sufficiency of all information and documentation, including witness statements, submitted in support of arguments. The VRC will also consider information and documentation presented concerning mitigating and aggravating circumstances. All information and documentation, as well as any VRC work product, will be protected from disclosure as part of the archives of UNDP under its privileges and immunities.

4.10.3 No Hearings

The VRC will make its recommendations based on the information and documentation provided. Vendors shall have no right to a hearing. The VRC may, at its discretion, hold hearings when it deems them necessary, also determining their duration and form.

4.10.4 Closed Deliberations

The VRC will deliberate in private. The VRC may, if it so requires, obtain the assistance of internal or external specialized advisors. All communications and work product from such advisors will be privileged.

4.10.5 Confidentiality

The records of the proceedings shall be private and confidential. The Secretary of the VRC will manage and archive the records, and will only distribute the required pertinent information for notifications or referrals. Determinations on the sensitive or otherwise privileged information will be made on a case by case basis, balancing the best interests of UNDP with the requirement to provide Respondents with sufficient information to enable them to contest the allegations in a meaningful way. All information and documentation is to be part of the archives of UNDP under its privileges and immunities. When disseminating information pursuant to these procedures, a notice may be added stating that, "nothing in the above provisions or in any of these procedures, and nothing revealed or implied during proceedings under these procedures, or decisions issued, shall be deemed to expressly or implicitly alter, abrogate, or waive any of the privileges and immunities of any UN entity, including its subsidiary organs."

4.10.6 Minutes

The Secretary of the VRC shall record all proceedings in writing, and the minutes will show the main points of deliberation stating the reasons for any decisions.

4.11 DETERMINATIONS of the vendor review Committee

4.11.1 Voting

All determinations and recommendations of the VRC will be made based on a majority vote of the Members. The minimum quorum for considering a case shall be one more than half of the total members.

50 of 65
4.11.2 Determinations
The VRC shall determine if, based on the Record, the Respondent engaged in Proscribed Practices in connection with a procurement action financed, administered or executed by UNDP. The VRC shall make its recommendations to the CPO based on its determinations and the applicable guidelines. The decision of the CPO shall be final.

4.11.3 Basis for Determinations
The VRC shall make determinations on the basis of a review of the Record received pursuant to the procedures herein, as well as any additional clarification or verification from interested parties.

4.11.4 Involvement in Proscribed Practices
If the VRC determines, after its review of the Record, that there is sufficient basis to find that the Respondent was involved in actions or omissions that constitute Proscribed Practices, the VRC will issue a written report summarizing its determination and making its recommendation, which shall be submitted by the Chairperson to the CPO for its consideration in making a final decision.

4.11.5 Insufficient Basis to Determine Involvement in Proscribed Practices
If the VRC determines, after its review of the Record, that there is insufficient basis to find that the Respondent was involved in actions or omissions that constitute Proscribed Practices, the case shall be closed. The Secretary of the VRC shall make a record of the VRC's determination and promptly inform the Respondent and relevant UNDP Offices. A matter may only be re-opened when the VRC approves the Secretary's request based on new information available.

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools

10.0 Lessons

11.0 On the Drawing Board

Sanctions

5.1 RECOMMENDATIONS
If the VRC determines that there is sufficient information to support allegations of actions or omissions that constitute Proscribed Practices in connection with UNDP's procurement actions, the VRC shall include in its recommendation to the CPO a sanction, or a combination of sanctions, proportional to the findings. Sanctions will be imposed through the CPO's written decision, which shall be final and take effect immediately. The decision shall be without prejudice to any action that may be taken by any government or international organization under applicable law. The Respondent shall be notified, in writing, of the decision, including the imposed sanction and the procedures to seek rehabilitation, if applicable.

5.2 POSSIBLE SANCTIONS
The VRC may recommend, and the CPO may impose any of the following sanctions or a combination of them, according to VRC sanctioning guidelines. The Respondent will be notified of any sanctions imposed. Sanctions affecting a respondent's eligibility will be the basis of common actions as described below, but the details of which will otherwise remain confidential between UNDP and the Respondent.

5.2.1 Censure: A letter of reprimand of the Respondent's conduct. Censure does not affect the Respondent's eligibility, but its existence will be an aggravating factor for imposing sanctions in any future proceedings;

5.2.2 Ineligibility / Debarment: A formal declaration that a Respondent has become ineligible for a period of time to (a) be awarded and/or to partake in contracts financed administered or executed by UNDP; (b) conduct new business with UNDP as agent or representative of other Vendors; (c) partake in having discussions with UNDP regarding new contracts. Exceptionally, the VRC may recommend that the Respondent's debarment be permanent;

5.2.3 Other Sanctions: The VRC may recommend other sanctions that it finds appropriate to the circumstances at hand, including, reimbursement or subjecting future contracts to special conditions.

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms
Disclosures

1.0 Description

2.0 Relevant Policies

3.0 Flowchart

4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools

10.0 Lessons

11.0 On the Drawing Board

Common Actions

1.0 Description

2.0 Relevant Policies

3.0 Flowchart
4.0 Procedures

1.0 Description
2.0 Relevant Policies
3.0 SOURCING: Knowing your needs and the market
4.0 VENDOR SANCTION Procedures
5.0 Sanctions
6.0 Disclosures
7.0 COMMON ACTIONS

7.1 UNGM Ineligibility List

The Ineligibility List is a central roster, hosted and maintained confidentially by UN Global Marketplace (UNGM) as a protected electronic document that aggregates information provided by each participating Agency, including UNDP. Vendors that are subject to sanctions that affect their eligibility, pursuant to sanctions proceedings, shall be entered into the Ineligibility List for a term starting upon notification of the CPO’s decision and ending once they are deemed to be rehabilitated. The Ineligibility List shall have restricted access, and shall not be published or otherwise distributed.

7.2 Inclusion in the Ineligibility List

7.2.1 Entries. After the Respondent has been notified of the CPO’s final decision, the Secretary of the VRC will submit a written summary of the decision, to the Ineligibility List Administrator, who shall have administrator privileges over the Ineligibility List. A vendor included in the Ineligibility List shall be considered an Ineligible Vendor.

7.2.2 Information Provided to Ineligibility List Administrator. The Secretary’s summary shall indicate, at a minimum, the date of the CPO’s decision, the name, nationality, address and contact information of the Ineligible Vendor, the type and duration of the sanction or sanctions imposed, and the type proscribed practice that resulted in the imposing of the sanction. The Ineligibility List Administrator will notify the Ineligible Vendor within five (5) days of its inclusion into the Ineligibility List and the specific information included in the entry. The notice will include instructions on how to formulate a request to correct errors in the entry.

7.3 Correction of Errors

If upon receiving the notice the Ineligible Vendor believes, in good faith, that the entry as presented in its Notice of Inclusion in the Ineligibility List (“Notice of Inclusion”) contains errors regarding identity, type or duration of the sanction, the Ineligible Vendor must respond to the Secretary of the VRC in writing within five (5) days, specifying the errors in the entry and providing supporting documentation. If the sanctioned vendor mistakenly informs the Ineligibility List Administrator directly, he or she shall transmit that request to the Secretary of the VRC, with copy to the Vendor. The Vendor may not present documentation or make arguments that could be construed as a de novo review of the merits of the CPO’s determination. The Secretary of the VRC will confirm or amend the information provided within five (5) days, and the Ineligible Vendor will be notified in writing. The Secretary of the VRC will also inform The Ineligibility List Administrator in case the Ineligibility list needs to be amended.

7.4 Effects of Inclusion in the Ineligibility List

Any Vendor included in the Ineligibility List will be considered to have lost its eligible status. The Ineligibility List Administrator will inform the Secretaries of the VRCs or similar bodies in all participating agencies of any inclusions or deletions to the Ineligibility List within two (2) days.

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools

10.0 Lessons

11.0 On the Drawing Board

Monitoring

Contract and Procurement > Sourcing of Suppliers > Monitoring

Last published: Jan 24, 2012 at 18:34 GMT

<table>
<thead>
<tr>
<th>Responsible Unit</th>
<th>P50</th>
<th>Focal Point</th>
<th>Ethelind Capuno , alfonso fernandez</th>
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<td>Approval Date</td>
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</tbody>
</table>

1.0 Description

2.0 Relevant Policies

3.0 Flowchart

4.0 Procedures

1.0 Description
2.0 Relevant Policies
3.0 SOURCING: Knowing your needs and the market
4.0 VENDOR SANCTION Procedures
5.0 Sanctions
6.0 Disclosures
7.0 COMMON ACTIONS

8.0 MONITORING

8.1 Non-Participation of Ineligible Vendors

The Secretary of the VRC will periodically verify that no new contracts have been awarded to Ineligible Vendors by the UNDP, and that they are not actively participating in the UNDP’s procurement processes.

8.2 Corrective Measures

When the VRC’s determination or settlement agreement so requires, the Secretary of the VRC will request the Vendors who have settled, to submit periodic reports on the status and implementation of any corrective actions.

8.3 Information to the VRC

The Secretary of the VRC shall periodically inform VRC members on monitoring activities.
Exigency and Exceptions

9.1 Waiver
When the Director of PSO/BoM considers that circumstances warrant the participation of an Ineligible Vendor in a UNDP procurement process, the Director of PSO/BoM may request a waiver that temporarily suspends the effects of the sanctions imposed by UNDP or another Agency. The request shall summarize the reasons behind the need for that particular vendor's participation, and will be presented in writing to the Secretary of the VRC. The VRC shall recommend that the CPO approves or rejects the request for a waiver.

9.2 Exigent Circumstances
The CPO may grant the waiver requested by the Director of PSO/BoM when he or she considers that the circumstances warrant unusual or immediate action, such as a sudden and unforeseen crisis, or any urgent situation that requires extreme effort or attention that may only be provided by the Ineligible Vendor.

9.3 Effects of the Waiver
The waiver by the CPO makes an Ineligible Vendor eligible for an award of contract by UNDP, exceptionally and on a one-time basis. The Secretary of the VRC will notify the Director of PSO/BoM and the Ineligible Vendor of the CPO's decision.

10.0 EXCEPTIONS

10.1 Exceptions to Common Actions
Pursuant to the demands of its own mandate, UNDP may exceptionally opt out of participating in common actions with regards to specific Ineligible Vendors.

10.2 Requests for an Exception
If the Director of PSO/BoM considers that it is in the best interest of UNDP that an Ineligible Vendor, included in the Ineligibility List by another Participating Agency, is made exceptionally eligible, an exception may be requested from the VRC. The Director of PSO/BoM will present the reasons for the request in writing to the Secretary who shall submit it to the VRC for its consideration. The VRC will recommend that the CPO approves or rejects the request.

10.3 Grounds for Granting an Exception.
The VRC may recommend that the CPO grant the request on a case by case basis, when the Director of PSO/BoM demonstrates that UNDP has a compelling interest in using the Ineligible Vendor, including but not limited to the Ineligible Vendor being the sole provider of proprietary technology; the sole provider of life-saving medicine or treatment; or the existence of monopoly conditions in the country where the procurement action is to take place.

The Secretary of the VRC will promptly notify the Director of PSO/BoM and the sanctioned vendor of the CPO's decision. The notification will indicate that the exception is only applicable to the UNDP's specific procurement action that prompted the request.

10.4 Effects of an Exception
An exception makes a Vendor eligible on an exceptional basis and may participate in the specific procurement action that originated the Director of PSO/BoM's request. The decision made by the CPO will be immediately notified to the UNGM for appropriate action.

5.0 Inputs
11.0 Rehabilitation

11.1 Expiration of Entries. Upon completion of the Sanction period, the Ineligibility List Administrator shall add notations to particular entries indicating a Change in Status, in strict observance with the Data Protection provisions of UNGM. This amendment to the Ineligibility List shall be promptly informed in accordance with UNGM procedures to all agencies. Indicating a change of status does not constitute, in and of itself, the rehabilitation of the Ineligible Vendor.

11.2 Rehabilitation upon Expiration of Sanctions. An Ineligible Vendor wishing to restore its business relationship with UNDP may request to have his, her or its Eligible Status restored by the CPO when the sanctions imposed and corresponding entry to the Ineligibility List have expired.

11.3 Rehabilitation prior to Expiration of Sanctions. Ineligible Vendors may request rehabilitation when normally at least half of the sanctions term has expired, provided they can demonstrate that corrective measures have been put in place and have fully met or gone beyond the requirements of the CPO’s decision.

11.4 Grounds for Rehabilitation. The request for rehabilitation must be submitted in writing to the Secretary of the VRC and must be accompanied by supporting documentation. The Secretary of the VRC will submit the request to the VRC within five (5) days. The VRC will recommend that the CPO accept or reject the request for rehabilitation within thirty (30) days. In order for the VRC to formulate its recommendation, the Sanctioned Vendor must provide sufficient information attesting to the medium to long-term effects of corrective measures, the deterrent effects resulting from the sanctions imposed, and must show that re-establishing its eligibility will be a sound business decision and be in the best interests of UNDP.

11.5 Effects of Rehabilitation. Each Affected Agency will process requests for rehabilitation and inform the Ineligible Vendor of the outcome of the request. If the Sanctions Board determines that the Ineligible Vendor’s request for rehabilitation should be granted, the Secretary of the Sanctions Board of the Affected Agency shall inform the Ineligible Vendor. When needed, the Secretary of the Sanctions Board will also submit a summary of the determination to the Ineligibility List Administrator requesting a change of status of the entry. If no more entries concerning the vendor subsist, the vendor will regain its status as an Eligible Vendor as defined in section 4.3.

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools

10.0 Lessons

11.0 On the Drawing Board
The following definitions apply:

13.0 Inputs
- Procurement Plan
- Requisition

14.0 Deliverables
- Country Office Vendor Database
- Request for Information (RFI)
- Open Announcement
- Expression of Interest (EOI)
- Prequalification Announcement

15.0 Roles and Responsibilities
- Requisitioner - timely develops and communicates the requisition
- Procurement officer - sources vendors and promotes fair competition (the term "vendor" refers to all entities that provide goods, civil works and services)
- Approving officer - validates the short-list or prequalification list

16.0 Templates and Forms
- Vendor Registration Form
- Model Pre-Qualification Form
- Short-listing for Goods/Services
- UNDP General Terms and Conditions for Goods
- UNDP General Terms and Conditions for Civil Works
- UNDP General Terms and Conditions for Professional Services

17.0 Additional Information
- United Nations Global Marketplace
- DACON
- Thomas Register
- Kompass System
- Prosavvy
- UN Global Compact
- TOR of VRC

18.0 Lessons

Financial Strength
The Quick Ratio for Financial Strength tests a company's financial strength and liquidity by calculating a company's liquid assets in proportion to its liabilities. The higher the ratio is, the higher the vendor's level of liquidity, which typically corresponds to its financial health. The optimal quick ratio is 1 or higher. To evaluate the creditworthiness of a vendor, its current assets, or assets which can be converted into cash immediately, are divided by its current liabilities. The equation however specifically excludes inventory.

\[
\text{Quick Ratio} = \frac{\text{Cash} + \text{Account Receivables}}{\text{Current Liabilities}}
\]

The following exhibit illustrates the calculation of the quick ratio:

ABC Company
Balance Sheet Ending 31 December 20XX

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities and Shareholder's Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>Cash and Cash Equivalents 10,000</td>
<td>Accounts Payable 45,000</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>35,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>25,000</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>Total Liabilities 60,000</td>
</tr>
<tr>
<td>70,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Total Equity 85,000</td>
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<tr>
<td>Plant and Machinery</td>
<td>40,000</td>
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<tr>
<td>Intangible Assets</td>
<td>Shareholder’s Equity</td>
</tr>
<tr>
<td>15,000</td>
<td>65,000</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>85,000</td>
</tr>
<tr>
<td>55,000</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>Total Liabilities and Equity 125,000</td>
</tr>
<tr>
<td>125,000</td>
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</tr>
</tbody>
</table>

Cash (10,000) + Account Receivables (35,000)
Quick Ratio (1) = \frac{10,000 + 35,000}{45,000} = 1

Current Liabilities (45,000)
Related to the quick ratio is the net working capital of a vendor, or the difference between current assets and current liabilities, representing the available liquid assets. In proportion to the value of the contract, the net working capital indicates whether vendor retains accessible assets to commence on the contract.

- Procurement ATLAS Module
- Strategic Sourcing ATLAS Module

5.0 Inputs

6.0 Deliverables
**Related Sub Processes**

| Procurement of Goods, Civil Works & Services |

**Description**

Developing a strategic approach to procurement through appropriate and timely planning is a key element to the successful acquisition of goods, civil works or services at a reasonable cost. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective, and consequently fair and transparent procurement.

Such planning allows Business Units to organize their requirements into requisitions, to enable on-time delivery and to take advantage of economies of scale. A resulting requisition specifies to the Requisitioner, Buyer, Project Manager and Programme Officers, what is required and when it is needed. The requisition enables the search for possible solutions to meet the desired needs and further facilitates the procurement action.

**Relevant Policies**

UNDP Financial Regulations and Rules

**Procurement Methods**

- General Principles, Definitions and Overview
- Types of Competition
- Micro-Purchasing and Request for Quotations
- Invitation to Bid and Request for Proposals
- Direct Contracting
- Combined and/or Complex Requirements

**General Principles, Definitions and Overview**

1. **GENERAL PRINCIPLES, DEFINITIONS, AND OVERVIEW OF PROCUREMENT METHODS**

1.1 General Principles

UNDP mandates the rational use of resources throughout UNDP offices while responding effectively to the needs of Programmes and Operations by ensuring the timely availability of high quality goods and services when and where they are needed.

UNDP must approach the market through its extensive network of procurement practitioners, who are expected to acquire goods and services from the best source available according to these policies and procedures. UNDP staff must also exercise sound judgment while taking into consideration the costs and benefits to the Organization.

Because UNDP funds are entrusted to it by the public at large, it is imperative that all transactions committing UNDP are carried out based on the highest degree of public trust and at impeccable standards.

Regardless of the purpose and funding sources, procurement actions must always be subject to the following general procurement principles:

(a) **Best value for money**

This is the core governing principle of procurement in UNDP. This principle should be understood as the selection of the offer that best meets the end-user's needs, and that presents the best return on investment, obtained from the optimum combination of factors such as appropriate quality, life-cycle costs and benefits, as well as other parameters that meet the social, environmental or other strategic objectives.

Best value-for-money must not be equated with merely the lowest priced offer, but rather one that requires a thorough assessment of other factors of relative importance (e.g., quality, experience, reputation, past performance, etc.).

(b) **Fairness, integrity and transparency**

This is the foundation of a sound public procurement process. Adherence to fair, open and rules-based competition is critical to upholding both policy and good practices.

All Business Units are responsible for protecting the integrity of the procurement process by ensuring a fair and impartial treatment of all offerors and a transparent management of the competition. These may be achieved through widening the variety of prospective offerors that will compete, unambiguous solicitation instructions, clear evaluation criteria, realistic definition of requirements, and attainable rules and procedures.

(c) **Effective international competition**

Effective international competition requires that all eligible prospective offerors from all UN Member States be given timely and adequate information on the requirements in UNDP, along with equal opportunities to submit an offer for the supply of goods or the provision of services or works.

All Business Units shall be responsible for fostering an enabling environment that allows a wide array of vendors to participate in a predictable process. Business Units must ensure that no restrictions are placed on solicitation documents that limit the pool of, or countries of origin of, potential offerors to a UNDP procurement notice.

(d) **Best interests of UNDP**

This principle requires Business Unit to draw on their knowledge and understanding of all that UNDP and the UN stands for.
While many procurement decisions are contingent upon the individual circumstances of the case and the environment where the Business Unit operates, at the minimum, adherence to all of the previously cited principles should guide Business Units in protecting the best interest of UNDP in the course of procuring its requirements. The processes, decisions and actions of a Business Units shall also be governed by the UNDP Financial Regulations, Rules and Procedures, and the provisions of this policy. Where a Donor Agreement requires a UNDP Business Unit to agree on any limitations or conditions that may compromise, or are in conflict with, any one of the above principles to any extent, the Business Unit must obtain prior approval from the UNDP Chief Procurement Officer before the Donor Agreement is finalized and signed by the UNDP Business Unit.

1.2 Definitions
For purposes of this policy, the following terms shall be defined as follows:

a) **Bidder**: An entity that has formally expressed its interest in being selected as a supplier or contractor by responding to an Invitation to Bid (ITB).
b) **Business Unit**: A generic term used to refer to any of the following: UNDP Headquarters (HQ), all Bureaus/Offices/Divisions in HQ, out-posted HQ units, Regional Service Centers, and Country Offices.
c) **Combined Requirement**: A requirement that covers any combination of goods, services, and/or works.
d) **Complex Requirement**: A set of inter-related requirements that is high valued, requires a range of high level technical expertise, and cannot be determined as a straightforward procurement of goods, services or works.
e) **Contract Value**: The maximum total estimated value of the requirement over its entire duration.
f) **Direct Contracting**: A procurement method that waives competition, based on a strategic and justifiable decision to source the goods, services or works, from a sole offeror, as per UNDP Financial Regulation 121.05(a). It is used when standard competitive processes are impractical or impossible, and it is undertaken by directly requesting a Prospective Offeror to submit an offer, and subjecting the offer to an evaluation against a pre-determined criteria.
g) **Exigency**: Situations or circumstances that demand unusual or immediate action, such as sudden and unforeseen crisis, epidemics, natural disasters, time-critical situations that require extreme effort or attention, whereby any further delay may lead to loss or endangerment of human lives, damages to properties, or detriment to public interest. Urgent requirements resulting from poor planning and/or untimely actions do not constitute exigent circumstances.
h) **Eligible Offeror**: An Offeror that has not been formally debarred by UNDP, and that satisfies the Eligibility Criteria set forth by UNDP in its **Vendor Sourcing, Appraisal and Sanctions** Policy. This term should be distinguished from the "qualified offerors" which refer to entities who have met all the qualification requirements as defined in an RFQ, RFP or ITB.

i) **Framework Agreement**: Agreements laying down some or all of the terms, conditions and prices governing future contracts ("call-offs") or working arrangements. It is also known as Umbrella Agreement. In UNDP, this is more known as Long-Term Agreements, but not all Framework Agreements need to be of long-term nature. Contracts arising from a Framework Agreement does not and must not change the provisions of the Framework Agreement.

j) **In Writing**: A matter that is communicated in written form, by mail, e-mail, fax, or telefax, with proof of receipt.
k) **Invitation to Bid (ITB)**: A formal procurement method where an advertisement is made to invite Prospective Offerors to submit a bid for requirements valued at USD 100,000 or above, based on a precise specifications for goods, or detailed statement of works.
l) **Media**: A generic term used to collectively refer to both print (newspaper, publications, etc.) and electronic means (websites, vendor portals, etc.).
m) **Micro-purchasing**: A simplified procurement method for requirements valued under USD 5,000 of readily available (i.e., off-the-shelf, standardized) goods, simple construction works or services, whereby Prospective Offerors are contacted, either by shopping, telephone, email or by internet browsing, aimed at obtaining the accurate price of the goods/services/simple construction works required by UNDP.

n) **Offer**: A generic term that may refer to bids, quotations, and proposals, depending on the nature of the requirement.

o) **Offeror**: An entity that has formally expressed its interest in being selected as a supplier of goods, works, and/or services to UNDP, through the submission of pertinent documents in response to a UNDP direct request or public notice (i.e., RFP, ITB, etc.). The term "offeror" is also used to refer to bidders (offeror to an ITB) and/or proposers (offeror to an RFP).

p) **Proposers**: An entity that has formally expressed its interest in being selected as a supplier, service provider or contractor by responding to a Request for Proposal (RFP).

q) **Prospective Goods and Services**: Goods that are manufactured and/or marketed under an exclusive right by a legal entity. Proprietary services/technology refer to a process, tool, system or similar item that is the property of an entity or an individual but which provides some benefit or advantage to its owner/user.

r) **Prospective Offeror**: An entity that has not yet formally expressed interest to be a supplier of goods, works and/or services to UNDP, but may participate in the competitive selection process for a specific requirement.

s) **Request for Proposals (RFP)**: A formal procurement method where an advertisement is made to invite Prospective Offerors to submit a proposal for requirements valued at USD 100,000 or above, where the methodologies cannot be quantitatively and qualitatively expressed in sufficient detail but the objectives and desired outputs/results may be generally described in a Terms of Reference (TOR).

**t) Request for Quotation (RFQ)**: An informal procurement method where a written invitation to submit a quote is sent to Prospective Offerors, and which is used when the required goods or services, standardized or commoditized, are valued between USD 5,000 and USD 99,999.

u) **Quotation** or **Quotation with order or purchase order** or **Quotation with order and purchase order**: A generic term that may refer to bids, quotations, and proposals, depending on the nature of the requirement.

v) **Regulations**: Rules or regulations governing the processes, methods and mechanisms by which contracts are awarded and administered. They include the procurement laws and rules, and their interpretations.

w) **Statement of Work**: A document that describes and defines the various set of work activities, deliverables, quality standards, regulatory terms/conditions and timelines, typically of construction in nature, on the basis of which, a selected contractor/entity will execute and perform the work.

x) **Terms of Reference**: A document that establishes the basis or "road map" for performing a set of tasks or activities, accomplishing an objective, or completing deliverables, (what has to be achieved) through a detailed description of stakeholders involved and their roles (who will take part in achieving them), the performance standards (how it will be achieved), success factors, risks/restraints, the available resources, the boundaries of the environment, and timelines (when it should be achieved).

y) **Vendor**: A service provider, supplier, contractor, or any legal entity that sells goods and/or services, regardless of whether or not they have made an offer in response to a UNDP procurement.

1.3 Overview of Standard Procurement Methods

It is in the best interest of UNDP to involve as many Offerors as possible in its procurement process, and this should be the underlying goal whenever a UNDP procurement staff approaches the market to find the best vendor that meets its requirements. The manner of approaching the market is determined by a variety of factors, and each selection method requires different inputs, templates, and responses. These methods may be summarized as follows:

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Contract Value</th>
<th>Type of Requirement</th>
<th>Method of Solicitation</th>
<th>Type of Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-Purchasing</td>
<td>Below USD 5,000</td>
<td>Goods, Services, or simple works</td>
<td>Canvassing (by phone, by internet, by shopping, etc)</td>
<td>Limited International or National</td>
</tr>
<tr>
<td>RFQ</td>
<td>USD 5,000 to USD 99,999</td>
<td>Goods, Services, or simple works</td>
<td>Written Request for Quotation</td>
<td>Limited International or National</td>
</tr>
<tr>
<td>ITB</td>
<td>USD 100,000 and above</td>
<td>Goods or Works</td>
<td>Advertisement in International media</td>
<td>Open International</td>
</tr>
<tr>
<td>RFP</td>
<td>USD 100,000 and above</td>
<td>Services</td>
<td>Advertisement in international media</td>
<td>Open International</td>
</tr>
<tr>
<td>Direct Contracting</td>
<td>Any Amount within permissible circumstances</td>
<td>Services, Goods, or Works</td>
<td>Direct Invitation or Negotiation</td>
<td>None</td>
</tr>
</tbody>
</table>

[1] Evaluation, Selection Criteria, and types of contracts applicable to each method will be covered in separate sections of the POP.
[2] As per UNDP Financial Regulations and Rules, RFP and ITB are referred to as "formal methods of solicitation", while all others are referred to as "informal methods"

2.0 Relevant Policies

3.0 Flowchart

4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools

10.0 Lessons
1.0 Description

2. TYPES OF COMPETITION

Consistent with the procurement principles cited in the previous section, the neutrality, economy and efficiency of a procurement process can be only be achieved by ensuring a competitive playing field among prospective offers to a requirement. Similarly, the UNDP Financial Regulations and Rules (Rule 121.03) emphasize the reliance on competition on as wide a geographical basis as practicable and suited to the market circumstances, as basis for the procurement of goods and services.

Depending on the nature of the requirement, and the total contract value involved, UNDP adopts any of the following types of competition:

2.1 Open International Competition

The purpose of opening competition to the international market is to provide equal opportunity to the universe of eligible vendors.

An open international competition can be achieved by initiating a public advertisement of the procurement opportunity in any or any combination of media (print or electronic/digital) that are accessible globally and freely by any interested entity from both the national and international markets.

At a minimum, in order to establish the openness of the competition to the international market, the following conditions must be met:

(a) The procurement opportunity was advertised or published in UNDP's corporate website (i.e., procurement advertisement page of www.undp.org);
(b) The same was posted in the UN Global Marketplace (i.e., www.ungm.org); and
(c) The advertisement for both venues lasted for a minimum continuous period of two (2) weeks.

As part of due diligence, it is also expected of buyers to supplement the advertisement with market researching efforts aimed at expanding the competitive field. Such efforts may include, but need not be limited to, the following:

(a) Proactive search and identification of entities known to be specialists or reliable sources of the requirement and directly notifying them of the opportunities by pointing them to the site of the advertisement; and
(b) Proactive search and identification of websites or journals of wide circulation and readership among the targeted market, whereby the procurement opportunity can also be strategically advertised.

When a prequalification process is undertaken through an open advertisement that meets the above requirement, typically as a preliminary step to an ITB or RFP process, then the competition that will transpire between and among shortlisted eligible offers from such a prequalification process is still considered an open international competition.

2.2 Limited International Competition

Limited international competition is conducted by narrowing the competitive field into a short list of prospective offers pre-determined through a non-discriminate assessment of eligibility and evaluation of qualifications that establish their ability to meet the requirements of UNDP. Such a process may be done through various sourcing methods, such as:

(a) Use of existing rosters;
(b) Shortlisted entities from previous rounds of prequalification or EOIs from another selection process but the nature of the goods/service is similar with the current requirement;
(c) Previous vendors of known satisfactory performance;
(d) Obtaining referral of vendors from other UN agencies who may have previously purchased goods/services/works;
(e) Trade books and online database that are publicly accessible;
(f) Advertised call for Expression of Interest (EOIs); and
(g) Conventional business directories, in printed versions or electronic/web-based resources.

All prospective offers in the shortlist are directly invited by UNDP to submit an offer, using the standard documents and instructions of UNDP, as may be embodied in an RFQ, RFP or ITB.

This mode of competition is appropriate for any of the following circumstances:

(a) Contract value is relatively low (i.e., less than US$ 100,000);
(b) The market is regulated, controlled or the industry is very oligopolistic, and it is publicly known that there is only a limited number of entities that can meet the requirement, and who those few entities are, and all of them must be directed invited to submit an offer;
(c) Other exceptional reasons that may justify or rationalize departure from open international competition, as may be allowed by the Chief Procurement Officer.

Where limited international competition is applied, BUs must continue to endeavour to ensure that a sufficient number of prospective offers are invited, and that at least three (3) offers are received and evaluated, in order to establish value-for-money. Where this minimum number of offers is not achieved despite all efforts, a written explanation or justification shall be recorded by the BU.

Narrowing the competitive field to only to a certain region or any list of countries comprising a subset of the world, for whatever justifiable reasons, is considered as limited international competition.

2.3 National Competition

While international competition is the preferred mode of procurement in UNDP, national competition may be generally allowed when the value of the requirement is less than USD 100,000, and when any one, or any combination of the following circumstances, also exists:

(a) The required goods/services/works are available locally at about the same or lower prices compared to those of comparable quality from the global market place; or
(b) The requirement is for construction works that are expected to be geographically scattered in various parts of a country, intensive on the use of local labor, and the country has a sufficient base of contractors that have the qualifications and competence needed to complete the works; or
(c) The services needed require a substantive depth of knowledge and understanding of the local environment, culture, language, socio-political dynamics, or national systems in place that an international entity cannot possibly possess; or
(d) There is a very low probability that an international entity will be interested in submitting an offer, or partnering with the national entities, so that the administrative and financial cost of opening to the international market will not yield any benefit to the selection process.

Where such limitation to local sources is pursued, UNDP staff must justify this restriction of competition in writing, and include this in the procurement documentation.

If advertisement is desired, publication may be limited to any or all media (print or electronic/digital) that are accessible freely nationwide.

Notwithstanding the above, any international entity that may wish to participate in a procurement opportunity applying the national competition must, at all times, be allowed to do so.

2.0 Relevant Policies

3.0 Flowchart

4.0 Procedures

5.0 Inputs
Determining the most appropriate procurement method to be applied for a given requirement involves a clear understanding of the nature of requirements, particularly their expected purpose and target outcomes.

In order to effectively manage the process, the tendering stage must be anchored by robust strategic planning. This will ensure that procurement activities are predictable, timely, and can adequately support the needs of the programme and projects.

Once a requisition has been written and approved, and the funding allocation ensured, the method of procurement to be used should be determined, and the type of competition that must apply.

The following sections describe the standard competitive methods of procurement.

3.1 Micro-Purchasing

Applicability. Micro-Purchasing is a simplified and informal procurement method intended for the purchase of readily available goods, standardized services and small works, and where the contract amounts involved are not expected to exceed USD 5,000. This is also commonly referred to as "shopping".

The purchase of such low-cost goods, services or small works may constitute a significant volume of UNDP's total procurement, but their aggregate value remains relatively low with respect to the total value of UNDP's global purchases. Hence, a simplified process is more preferred, as a way of lowering the transaction cost of UNDP.

Sourcing Strategy. Micro-Purchasing may be undertaken through the following steps:

- **Selection Process to follow**
  a) Canvassing of at least two (2) vendors; or
  b) Justification for direct contracting, if circumstances require that canvassing be waived

- **Minimum Documentation**
  a) Duly accomplished Micro-Purchase Canvass Form, including supporting document to MPC, if any;
  b) brief note-to-file justifying canvassing

- **E-Requisition**
  - a) Optional for services and small works valued below USD 2,500
  - b) Mandatory for all travel transactions regardless of amount (for Country Offices and other non-users of HQ Travel Module in Atlas)
  - c) Mandatory for all purchases of goods/assets valued above USD 500
  - d) Mandatory for all goods, services and small works valued above USD 2,500

The term "canvassing" as indicated above may refer to any of the following methods:

a) Telephone inquiries – where the UNDP staff makes phone calls to inquire on the cost and notes the responses of the vendors;
b) Electronic browsing – where the UNDP staff goes to online sources/catalogues and prints out the prices corresponding to the requirement; or
c) Local shopping – where the UNDP staff physically goes to stores or shops in the locality to compare the actual prices.

The **Micro-Purchase Canvass Form** is a simple template that was developed as a tool to document the interaction with the vendors, and to take note of the information gathered during the canvassing process in a systematically comparable manner.

The Micro-Purchase Canvass Form is typically filled up by a Procurement staff, or any staff that the Head of the BU may designate to perform the function, while ensuring compliance with the Internal Control Framework.

The vendors may be sourced from within or outside of a Business Unit's roster. If the canvassing process of at least two vendors will be waived, a written justification, in the form of a Note-to-File, will have to be approved by the Operations Manager of the Business Unit.

**Determining the Best Offer**. Where canvassing was done among at least two (2) vendors, among the vendors that comply with the requirements, the one with the lowest price shall be awarded the contract. Where the second lowest price among the responsive offer is found to be significantly more superior, and the price is higher than the lowest price compliant offer by not more than 10%, then the second lowest price may be selected, if the budget can sufficiently cover the price difference. The term "more superior" as used in this provision shall refer to offers that have exceeded the pre-determined requirements established in the specification or TOR, and does not apply to offers containing features, qualities or characteristics that may be more superior but were not originally indicated as a requirement in the original specification, nor as a criteria for an award.

The Micro-Purchasing Canvass Form is designed in a manner whereby the Procurement staff accomplishing the form may recommend award to the vendor that meets the requirements, based on the relevant policy and in accordance with the criteria for award described above. Thereafter, the requisitioner may confirm the recommendation or choose another vendor and write on the same form the justification for choosing the vendor different from the buyer's recommendation. Where the procurement staff and the requisitioner disagree on the choice of the vendor to be finally selected, they are encouraged to discuss the matter and ensure consistency of the final decision with relevant policies.

**Strategic Options.** The Micro-Purchasing Option is intended to provide flexibility when the requirements are low-valued and are not expected to be needed again in the short term. Where there is a clear indication or forecasted demand for the same type of goods/services/small works, the other procurement methods applicable for higher-valued requirements must be used, as may be relevant to the aggregated volume of the
requirements.

The use of Micro-Purchasing by splitting high-valued requirements into parts that are valued less than USD 5,000, solely for purposes of applying the Micro-Purchasing method, is a serious deviation from standard UNDP procurement policies and procedures, and must be avoided at all times.

The accumulation of payments made to a vendor engaged by UNDP through repeated use of Micro-Purchasing shall be constantly monitored by the UNDP staff in a Business Unit designated with oversight function on the procurement business process. When such cumulative payments reach thresholds that require procurement committee reviews, the case shall be submitted to the relevant committee accordingly.

The Heads of Business Units shall remain responsible for ensuring that the additional flexibilities that the micro-purchasing policy provides does not pose nor increase risks to UNDP and to their respective Business Units.

3.2 Request for Quotation (RFQ)

Applicability. The Request for Quotation is an informal procurement method used for the procurement of readily available goods, services or works, or any combination thereof, whereby the buyer sends a written request to a vendor, soliciting a written price quotation based on a requirement that is clearly described in the request. The use of RFQ is mandatory for contract values ranging must be higher than USD 5,000 and lower than USD 100,000. Beyond this amount, the formal competitive methods (RFP and ITB) must be used.

When writing RFQs, UNDP staff must clearly define the details of the requirement. At a minimum, they should include specifications, delivery terms, delivery location, among other considerations. Some of these information are contained in the model RFQ.

Sourcing Strategy. The objective in RFQ is to generate a minimum of three (3) responsive offers. As such, and in consideration of the possibility that some offers may not be responsive while some may not submit an offer at all, it is always best to invite more than just three (3) prospective offerors.

Since advertisement is not required in a RFQ process, this methodology is best supported by a form of roster where UNDP can source prospective offerors that have a high probability of providing the required goods and services at the level of quality and/or performance described in the RFQ. Where no such roster exists, the following may be considered as sources of prospective offerors:

- previous vendors of satisfactory performance;
- obtaining referral of vendors from other UN agencies who may have previously purchased such goods/services;
- trade books and online database that are publicly accessible; and
- conventional business directories, in printed versions or electronic/web-based resources.

Under all circumstances, UNDP staff must always ensure that the UNDP General Terms and Conditions for Goods is already be attached to the RFQ, at the time of distribution of the RFQ.

Determining the Best Offer. At the minimum, quotations from offerors must consist of the price and other commercial terms and conditions for the requirement. Offerors shall submit their Quotations in writing, using or containing the information as required in the template provided by UNDP.

The competitive field will consist of the Offerors that are found to be:

- eligible (i.e., not in the UN’s Ineligibility list, the UN/PD list, or the 1267/1989 lists);
- responsive (i.e., presenting quotes that comply with specifications, delivery, terms, and UNDP terms and conditions); and
- qualified (i.e., fully meeting the basic selection criteria).

In order to have a sound basis for establishing value-for-money, there should be at least three (3) such offers to evaluate. Among the offers that comply with all of the above, the offeror with the lowest evaluated price shall be awarded the contract.

Considering that RFQ is an informal method, where the second lowest price offer among the responsive offers is found to be significantly more superior, and the price is higher than the lowest priced responsive offer by less than 10%, then the second lowest price may be selected, if the budget can sufficiently cover the price difference. Such decision shall be documented and qualified by the requisitioner. The term “more superior” as used in this provision shall refer to offers that have exceeded the pre-determined requirements established in the RFQ, and does not apply to offers containing features, qualities or characteristics that may be advantageous to UNDP but were not originally indicated as a requirement in the RFQ nor as a criteria for an award.

The comparative summary and documentation of the offers received highlighting the extent of compliance to the requirements may be prepared by the Procurement staff. However, the final decision and approval of the award must be confirmed by the requisitioner. Based on such decision of the requisitioner, the Procurement staff will confirm the purchase.

An RFQ process is considered a competitive process, irrespective of the number of qualified and responsive quotations received. Hence, if it results in less than 3 responsive quotes, the process is still considered competitive and an award may still be made to the most responsive quotation. However, the final approval of the award remains expected to conduct due diligence to ensure that sourcing was properly conducted and that the limited market response is not the result of a restrictive short list, or an unsustainable sourcing strategy.

Strategic Options. Whenever the goods, services or works typically sourced through RFQ are determined to be needed on a repetitive basis within or over a period exceeding one (1) calendar year, the use of a Framework Agreement (also known as Long-Term Agreement) must be considered and pursued in accordance with the relevant policy. Whenever such repetitively needed goods, services or works, are expected to exceed a total value of $100,000 in one (1) calendar year, then the procurement method to be used should either be RFP (for services) or ITB (for goods and works)

The accumulation of payments made to a vendor engaged by UNDP through repeated use of RFQ shall be constantly monitored by the UNDP staff in a Business Unit designated with oversight function on the procurement business process. When such repetitive payments reach thresholds that require procurement committee reviews, the case shall be submitted to the relevant committee accordingly.

[1] Whenever a Purchase Order is issued, the General Terms and Conditions must always be attached thereto, regardless of the contract price/value of the PO.

[1] The issuance of a Purchase Order is required for the procurement of goods valued above USD 500 in order to capitalize and record all relevant information pertaining to the goods in the Asset Management module of Atlas.

2.0 Relevant Policies

3.0 Flowchart

4.0 Procedures

5.0 Inputs

6.0 Deliverables

7.0 Roles and Responsibilities

8.0 Templates and Forms

9.0 Additional Info. and Tools

10.0 Lessons

11.0 On the Drawing Board

Invitation to Bid and Request for Proposals

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Last published: Apr 03, 2012 at 20:27 GMT
1.0 Description

3.3 Invitation to Bid (ITB)

Applicability. An ITB is a formal procurement method intended for the procurement of readily available goods or works that are valued at USD 100,000 or more. In an ITB, the manner of production, technical approach, and delivery of the product or service is not specified in the RFP, but information on the specific characteristics of the product or service are given. Submitters are invited to submit offers that comply with the technical criteria and to propose their own solutions.

Sourcing Strategy. ITBs must be subject to open international competition (See Section 2.1). As such, ITBs require public advertisement through international media. The term "media" is used here to collectively refer to both print (newspaper, publications, etc.) and electronic means (website, vendor portals, etc.). At a minimum, the procurement opportunity must be advertised or published in UNDP’s corporate website (www.undp.org) and a UNDMR website (www.ungm.org), lasting for a minimum continuous period of two (2) weeks.

To further maximize the range of circulation, it is considered best practice to supplement such advertisement with a direct notification of such advertised opportunity to a short list of vendors whom UNDP believes are qualified to meet the requirements based on a sound market research.

Determining the Best Offer. Bids submitted in response to an ITB shall mainly consist of the price and other commercial terms and conditions for UNDP’s requirement.

The competitive field for ITB shall consist of the bidders that are found to be:

- a) eligible (i.e., not in the UN’s Ineligibility list, the UN/PD list, or the 1267/1989 lists);
- b) responsive (i.e., submitting offers that comply with specifications, delivery terms, and UNDP-terms and conditions); and
- c) qualified (i.e., fully meeting the basic selection/qualification criteria).

The evaluation of bids applicable to ITB method is described in the relevant policy. To ensure economy and efficiency, there should be a minimum of three (3) bids to be evaluated, aimed at determining their compliance with all of the above. Once the shortlist of bidders has been determined based on the above criteria, the bidder with the lowest price shall be awarded the contract.

An ITB process is considered a competitive process, irrespective of the number of qualified and responsive bids received. Hence, if it results in less than three responsive bids, the process is still considered competitive and an award shall be made to the most responsive bidder. However, the final approval of the award remains expected to conduct due diligence to ensure that sourcing was properly conducted and that the limited market response is not the result of a restrictive short list, or an unsuitable sourcing strategy.

Strategic Options. Under certain circumstances, the ITB may be used to establish a framework agreement (also known as Long-Term Agreement) with an entity or a group of entities. In order to pursue this, the requesting Business Unit must determine whether a one-stage RFP or two-stage RFP would be the best approach for the Sourcing Strategy. RFPs must be subject to open international competition (See Section 2.1). As such, RFPs require public advertisement through international media. At a minimum, the procurement opportunity must be advertised or published in UNDP’s corporate website (www.undp.org) and a UNDMR website (www.ungm.org), lasting for a minimum continuous period of two (2) weeks.

To further maximize the range of circulation, it is considered best practice to supplement such advertisement with a direct notification of such advertised opportunity to a short list of vendors whom UNDP believes are qualified to meet the requirements based on a sound market research.

Where and when time resources or access to the nature of the requirements warrants, RFPs may also be used for the procurement of goods, services and works valued at less than USD 100,000.

Sourcing Strategy. RFPs must be subject to open international competition (See Section 2.1). As such, RFPs require public advertisement through international media. At a minimum, the procurement opportunity must be advertised or published in UNDP’s corporate website (i.e., procurement advertisement pages of www.undp.org and www.ungm.org), lasting for a minimum continuous period of two (2) weeks.

To further maximize the range of circulation, it is considered best practice to supplement such advertisement with a direct notification of such advertised opportunity to a short list of vendors whom UNDP believes are qualified to meet the requirements based on a sound market research.

When a short list of vendors will be the sole basis for soliciting proposals (i.e., foreign advertisement), adequate justification must be kept on records (e.g., evidence of previous advertisement for an Expression of Interest, conclusion of a thorough and criteria-based prequalification process for the past 12 months, etc.) by the Business Unit.

At the minimum, an RFP shall consist of the Instructions to Proposers, the detailed requirement (i.e., Terms of Reference, the selection criteria, etc.), and UNDP Standard Terms and Conditions of the Contract that will be signed by UNDP with the successful proposer. The rules and requirements of the RFP selection process are defined in the RFP template.

In an RFP, prospective proposers are expected to submit proposals that meet the requirements, specifications, statement of works, or terms of reference describing the needs of the requesting Business Unit. The rules and requirements of the RFP selection process are defined in the RFP template.

The evaluation of proposals applicable to the RFP method is described in the relevant policy. To ensure economy and efficiency, there should be a minimum of three (3) proposals to be evaluated, aimed at determining the proposers that met all of the above.

The financial proposals of the technically qualified proposers shall be opened and evaluated. Depending on the nature of the requirements, the best proposal that will be awarded the contract shall be selected through any of the following methods:

- a) Lowest price offer among the technically qualified proposers; or
- b) Highest-rated proposal using the combined scoring method, which assigns the weight distribution between the technical and financial proposals as set out in the RFP.

Whenever method (b) above is used as the basis for awarding a contract, the prescribed distribution of weight between technical and financial proposals shall be at 70% and 30%, respectively. Proposals whose rating, upon completion of evaluation of the technical proposal, does not reach the minimum passing threshold of 70% shall be declared “not responsive” and are no longer qualified for an award. Their financial proposals shall be returned to them unopened.

Where possible, increasing the weight of the technical proposal beyond 70% should be avoided. If some procurement cases require that technical compliance be given very high importance, BUs must first consider focusing on the details of the technical criteria for selection, in order to target the highly qualified entities, but avoiding the risk of excessively restricting or narrowing the competitive field. Under no circumstances should a BU increase the percentage of the technical proposal for purposes of increasing the subjectivity of the overall rating. If the BU desires to increase the weight of the technical proposal beyond 70%, a request to such effect shall be communicated to the Director of PSO/BOM prior to the release of the RFP to the public. The request must be duly supported by proper justification, and addressed to the PSO/BOM Director, who may approve or reject the request.

One-Stage or Two-Stage RFP Process. In the course of planning the launch of an RFP, the requesting Business Unit must determine whether a one-stage RFP or two-stage RFP would be the best approach for the procurement.

The distinctions between the two processes are as follows:

- a) One-Stage RFP (Two-Envelopes)
  The One Stage RFP is a process where the solicitation documents require Proposers to submit their technical and financial proposals at the same time. Thereafter, UNDP opens and evaluates the technical proposal first, and the final results and evaluation of the financial proposals is only announced after the technical evaluation. UNDP has developed the standard RFP templates to be used for this process.

- b) Two-Stage RFP (Two-Envelopes)
  In a two-stage process, the first stage requires the requesting BU to prepare RFP and Terms of Reference that consists of general description of functional and performance, without the technical details. In response
to which, Proposers will submit only a Technical Proposal, without any financial proposal at this time. UNDP shall then evaluate the qualifications of the proposers and their technical proposal. Thereafter, UNDP will indicate to the proposers what must be done further in order to make their proposals technical responsive. At this point, it is very important that there are no exchanges of confidential information between UNDP and the Proposers. Hence, management of the process and flow of information is very critical and sensitive.

At the second stage of the process, having learned and gained insights from the first stage exercise, the requesting BU shall inform all Proposers of the changes/revisions made to the RFP and Terms of Reference, and require them to submit a new and final round of the Technical Proposal, and this time, along with their Financial Proposal.

When using the two-stage process, sufficient time must be provided to the Proposers at each stage. Furthermore, before embarking on this time-intensive and high risk process, the requesting BU must have very sound and solid knowledge of the market, and the procurement professionals managing the selection should be of high-level expertise and professionalism, in order to maintain and guarantee the integrity of the procurement process.

The two-stage process may be applied only under very exceptional circumstances. Business Units may only apply this when the following conditions have been met:

a) The requirements are very complex, involves highly technical goods or services; and
b) An ex-ante case describing the justification and mechanisms for the application of this two-stage process has been submitted to, and duly approved by, RACP or ACP.

An RFP process is considered a competitive process, irrespective of the number of qualified and responsive proposals received. Hence, if it results in less than 3 responsive proposals, the process is still considered competitive and an award may still be made to the most responsive proposal. However, the final approver of the award remains expected to conduct due diligence to ensure that sourcing was properly conducted and that the limited market response is not the result of a restrictive short list, or an unsuitable sourcing strategy.

Strategic Options: Under certain circumstances, the RFP may be used to establish a framework agreement (also known as Long-Term Agreement) with one entity or a number of entities. In order to pursue this, the Requesting Business Unit must make a realistic forecast of the requirements, their estimated time of need, and the approximate total contract value over the duration of the framework agreement.

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Direct Contracting

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<th>Responsible Unit</th>
<th>PSO</th>
<th>Focal Point</th>
<th>Ethelind Capuno</th>
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<tr>
<td>Issuance/POPP Publishing Date</td>
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<td>Approval Date</td>
<td>19/12/2011</td>
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1.0 Description

3.5 Direct Contracting

Consistent with the general procurement principle, it is the policy of UNDP to rely on competitive procurement methods, in the course of determining the best sources of goods and services that will satisfy its requirements.

While open and competitive procedures are the preferred way to ensure wide and effective competition, there are circumstances when the cost of undertaking the process itself outweighs the benefits, hence the need for flexibility. Under such circumstances, and provided certain conditions are justifiably met, UNDP Staff may apply non-competitive methods for awarding contracts.

Direct Contracting, also known as Sole-Source or Single Source, is a procurement method that allows the awarding of a contract without competition. UNDP staff may only use this method when it is not feasible to undertake a competitive bidding process, and that proper justifications exist.

As per UNDP Financial Rule No. 121.05, any of the following are considered permissible reasons or justifications for direct contracting (exceptions to the use of formal methods of solicitation):

<table>
<thead>
<tr>
<th>Circumstances That Allow the Use of Direct Contracting</th>
<th>Examples of Acceptable Justifications</th>
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<tr>
<td>1. Where the value of the procurement is below USD 5,000</td>
<td>This applies to low-valued goods, services or small works, or where exigency of need is such that the time and transaction cost involved in obtaining two (2) offers is not justified nor practical. Where the time, the circumstances, and the market conditions allow for a fast and easy generation of at least two (2) quotes, competitive selection using the Micro-Purchasing Canvass Form still remains the recommended process for obtaining value for money.</td>
</tr>
<tr>
<td>2. There is no competitive marketplace for the requirement</td>
<td>a) Where a monopoly exists Where there are only two (2) players in the market, it is no longer a monopoly and comparison between the two suppliers/service providers should still be established. b) Where prices are fixed by national legislation and such fixed prices are in effect at the time of the procurement Where this situation exists, evidence of such legislation must be put on record each time the direct contracting methodology is applied. c) Where the requirements involve proprietary product or service Where proprietary product or service is being procured, it must be established why other equivalent non-proprietary...</td>
</tr>
</tbody>
</table>
Under the direct contracting modality a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at an acceptable price, obtained either through informal solicitation or

Although the direct contracting modality waives competitive process, this method does not diminish the responsibilities and accountabilities of staff involved in procurement.

The following necessary and basic procurement actions shall therefore still be required:

- Writing the specifications/TOR/SOW;
- Soliciting a Proposal or Bid through a letter from UNDP directly requesting the selected vendor to submit an offer based on the specification/TOR/SOW;
- Subiecting the Proposal or Bid to the review and rating by an evaluation team; and
- Application and enforcement of the UNDP Standard Contract forms and UNDP General Terms and Conditions.

At a minimum, and whenever the amount involved exceeds USD 5,000, the following documents shall also be on kept on record to support the direct contracting decision:

- Documentation of the CPO to this effect must be on record.

Although the direct contracting modality waives competitive process, this method does not diminish the responsibilities and accountabilities of staff involved in procurement.

Under the direct contracting modality a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at an acceptable price, obtained either through informal solicitation or negotiations.

The following necessary and basic procurement actions shall therefore still be required:

- Writing the specifications/TOR/SOW;
- Soliciting a Proposal or Bid through a letter from UNDP directly requesting the selected vendor to submit an offer based on the specification/TOR/SOW;
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At a minimum, and whenever the amount involved exceeds USD 5,000, the following documents shall also be on kept on record to support the direct contracting decision:

- Documentation of the CPO to this effect must be on record.
1.0 Description

3.6 Combined and/or Complex Requirements

Given the broad mandate of UNDP, and considering the constantly changing demands of partners and stakeholders in the field, there are situations when a requirement cannot be easily determined as a pure procurement of goods, or services or works. There are and there will be many requirements that may consist of a combination of any two or all of these.

Such combined requirements can further be complicated when they are high valued, or when their nature is highly technical, or when procuring them properly requires expertise and competence that are not within the internal capacity of UNDP. Under such circumstances, a UNDP staff may need to decide, based on the general guidelines above, on which procurement method to use - whether RFP or ITB - in order to adequately address the issues involved in the delivering or completing the requirements.

As a general rule, the following guidance must be considered:

a) Where the services are of higher cost component in the total contract value than the goods or works component, the RFP method should be used;
b) Where the goods or works are of higher cost component in the total contract value than the services components, the ITB method should be used;
c) Where the goods/works or services are much more critical such that any slight deviation may lead to higher risk to UNDP or unwanted outcome, the ITB or RFP method should be used, respectively. This risk assessment is expected to vary from one market and/or operating environment to another, and BUs are expected to factor all such issues in their analysis;
d) Where BUs are uncertain on how best to apply the above guidance on the requirement, the advice of PSO/BOM may be sought, by submitting to PSO/BOM the full details of the Specifications/TOR/SOW;
e) Where the total contract value is expected to exceed USD 1 Million, and the requirement is of complex nature, an ex-ante submission of the case to the Advisory Committee on Procurement (ACP) is mandatory;
f) Where the total contract value is less than USD 1 Million, but the nature of the requirement is complex and is one that the BU has not yet done before but would like to minimize its risks, the BU may also submit the ex-ante case to, and for review by, the ACP.

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Introduction

This section of the UNDP Programme and Operations Policies and Procedures covers policies and procedures related to Contracts, Assets and Procurement and replaces the UNDP Procurement Manual. The content of each sub-section and process of the CAP Policies and Procedures incorporates all past manuals and circulars issued over the years. If you have any inquiries, encounter errors and/or omissions in our POPP or would like to provide feedback, please contact Ms. Ethelind Capuno, Procurement Specialist at the email ethel.capuno@undp.org.