



PROCUREMENT MANUAL

Revision 6

1 June, 2017

Procurement Group

 **UNOPS**

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Preface

The Procurement Manual details UNOPS procurement instructions, procedures and processes and provides further guidance for carrying out procurement activities for or on behalf of UNOPS effectively and efficiently in compliance with UNOPS Financial Regulations and Rules, and other applicable UNOPS legislative instruments.

This document is available online at www.unops.org and on the UNOPS internal intranet www.intra.unops.org. It has been published in electronic format to limit the use of paper, ink, and transport emissions to further support UNOPS leadership role in advancing sustainable practices.

Once this document has been downloaded and/or printed, it is no longer a valid policy document and must only be used for reference purposes. The valid policy document will always be the version available on www.intra.unops.org.

Comments and questions

This Procurement Manual will be updated regularly, to ensure that it remains relevant to UNOPS activities and requirements and up to date with best practices in public procurement.

If you have comments or suggestions for improvement, please contact the Procurement Group (PG), UNOPS HQ, through email: procurement@unops.org.

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What's new in Revision 6?

Overall changes

- Rationale for change. Changes introduced pursue five overall improvements: aligning with the new UNOPS legislative framework and Governance Risk and Compliance (GRC) initiative; strategically leveraging eProcurement; achieving higher efficiency; enhancing the integrity and transparency of the procurement process and reducing risks; facilitating and operationalizing sustainable procurement.
- Format changes: placed the links to additional resources to the end of each chapter; improved table of contents lay-out; simplified reading flow by increasing the font size and by removing repetitions, lateral spaces and text boxes.
- Structure changes: re-ordered and re-named some sections to make it more intuitive for users to find content, e.g. moved criteria section to solicitation chapter, technical evaluation is now placed before commercial evaluation; LTAs and BPAs moved to Chapter 11; Emergency Procurement Procedures (EPP) moved to Chapter 15, etc.

Main content changes

Chapter 1 – Introduction

1.1.3 Added new section on structure to improve understanding of how the document is organized.

1.3 Aligned content to the new UNOPS Legislative Framework.

1.5.3.1 Added new section on proscribed practices by suppliers and vendor sanctions.

1.5.3.2 Added new section on supplier conflict of interest.

Chapter 2 – Organisation of Procurement

2.1.1 Included definition of works and aspects which are not considered 'procurement' for the purpose of this manual.

2.2 Improved descriptions of the organizational units and key roles in procurement processes, in alignment with the revised Procurement Framework.

2.3 Added role and responsibilities of the project manager/requisitioner and linked it to specific training courses in the procurement training strategy.

2.4 Added role and responsibilities of the procurement official and linked it to specific training courses in the procurement training strategy.

2.5 Clarified responsibilities of the Procurement Authority (PA) role and linked it to specific training courses in the procurement training strategy.

2.5.2 Revised the table and footnotes on levels of delegated authority per the revised Master Table of Authority in Procurement.

2.6 Clarified responsibilities of the procurement reviewer role and linked it to specific training courses in the procurement training strategy.

2.8 Enhanced section on segregation of duties.

Chapter 3 – Supplier Registration and Management

3.1 Clarified the supplier registration requirements at UNOPS.

3.3 Enhanced and clarified the instances where UNOPS deems a vendor ineligible, and introduced procedure to suspend vendors for reasons other than engaging in proscribed practices.

Chapter 4 – Procurement strategy, planning and requirements definition

4 Renamed the chapter heading to also include 'requirements definition' and restructured its content.

4.4 Introduced a mandatory requirement to have Requisitions in the UNOPS ERP system (oneUNOPS) for all procurement activities equal or above US\$2,500, except where indicated.

Chapter 5 – Sourcing

5.3 Advertisement of business opportunities is now only mandatory in UNGM as the UNOPS business opportunities site will re-direct to UNGM.

5.6 Increased minimum number of days for posting an invitation for pre-qualification to 10 days, to equate to request for EOI

5.5, 5.6 Clarified that EOIs and invitations for pre-qualification have to be evaluated by an evaluation team formed per provisions in section 8.2.

5.6 Results of a pre-qualification exercise are now valid for up to 2 years.

Chapter 6 – Solicitation

6.2.2 Added contract value of less than US\$50,000 as a valid reason for limited competition.

6.3.4 Added 50%-50% and 80%-20% as weighting options of technical and financial proposals in RFPs.

6.3.5 Clarified the considerations for the selection of solicitation method for works.

6.4 Restructured the section on solicitation documents, in alignment with the current solicitation document templates.

6.5.2 Clarified provisions on alternative bids/offers, bid/proposal security, performance security, advance payment security, liquidated damages, right to vary.

6.5.3 Added a detailed section on evaluation criteria.

6.5.3.3 Clarified provision for life cycle cost, and added provision for use of domestic preference, if included in the project agreement.

6.5.3.4 Added new section on evaluation criteria for joint ventures.

6.6.6 Clarified process and requirements when soliciting offers in situations of direct contracting.

6.6.7 Removed requirement for sealed bids and bid opening for secondary bidding regardless of value.

6.8.1 (iv) Clarified provisions to rely on other UN organizations and linked to appropriate provisions in section 14.1.

6.8.1 (v) Clarified that reasonable period counts from contract award, and removed reference only applying to formal solicitation methods.

6.8.2 Clarified the pre-selection process and how it differentiates from the no-objection mechanism.

6.10 Added section on the UNOPS eSourcing system, which becomes mandatory for all procurement processes equal or above US\$5,000 from 1 January 2018, except where indicated.

Chapter 7 – Management of submissions

7.1, 7.4.1 Clarified instances where an individual not directly concerned with the procurement function is appointed to receive all offers and be part of the bid opening panel.

7.4 Removed requirement to report to the Director, PG if bid opening does not take place within 24 hours of the submission deadline.

Chapter 8 – Evaluation of submissions

8.2 Clarified rules for setting up an evaluation team, including removing the concept of TET.

8.4 Clarified evaluation methodologies and linked these to evaluation criteria in sections 8.3 and 6.5.3.

8.5 Clarified provisions for preliminary screening including the valid reasons for rejecting bids at this stage.

8.6 Under ii.(a), clarified procedure to evaluate ITBs in batches, when a large number of bids has been received.

8.7.1 Clarified circumstances which require a justification of reasonableness of price.

8.8.1.5 Added a section on handling abnormally low bids/proposals.

8.8.6 Improved content on indications of potential proscribed practices.

8.8.7 Equated scope for BAFO under RFP to that of ITB.

8.9 Clarified scope and provisions for carrying out negotiations.

8.10.2 Enhanced section on background checks.

8.10.3 Introduced a UNOPS Claims Log to be checked by procurement practitioners prior to contract award.

Chapter 9 – Procurement process review and decisions

9 Completed content per provisions on the OD – Procurement Framework.

9.4.1 Introduced simplified table on monetary thresholds for CPC review.

Chapter 10 – Awards

10.1 Clarified the requirement for contingency amount in awards for works, and introduced the provision for contingency of goods and services.

10.2.1 Clarified websites where contract awards are posted.

Chapter 11 – Contract finalization and issuance and contractual instruments

11.1.3 Clarified scope of contract discussions with vendors and differentiated from pre-award negotiations.

11.1.4 Clarified section on advance payments.

11.1.6 Added new section on review and handling of bank guarantees and securities and aligned content per latest guidance of the Finance Group.

11.1.7 Introduced exception to not sign POs when they are used as the contract itself and it has been approved by an appropriate PA in the ERP system.

11.2 Aligned name and structure of documents per UNOPS contract templates.

11.4 Improved section on LTAs including adding sections on types, benefits and risks, and a requirement to inform PG prior to any new LTA process through a brief business case.

11.5 Added that exceptionally BPAs may be extended to an extra 12 months if the ceiling amount in the first 12 months has not been reached.

11.6.7 Clarified computation of retention and other securities in works contracts

Chapter 13 – Contract management

13 Removed tables 13, 14, 15 and 16 and referred to other appropriate sections in the manual.

13.1 Clarified the responsibilities for contract management duties.

13.2.6 Updated process to create receipts in oneUNOPS (revenue recognition)

13.2.7 Added requirement to report to PG the SPEs of instances where contractors show significant or persistent deficiencies and linked this to the provision to suspend vendors in section 3.3.(e).i.

Chapter 14 – Cooperation

14.1.2 Adjusted that the valid period is 12 months after contract signature.

14.1.3 Clarified provisions for using this provision, including aspects to be checked prior to calling-off the other UN entity's LTA.

Chapter 15 – Transverse topics

15.2 Improved section on Sustainable Procurement, including adding general considerations for implementation.

15.2.2(c) Added provision to carry out limited competition on the basis of other business characteristics, provided that these characteristics demonstrate improved environmental or socio-economic outcomes for the project.

15.3 Added new section on risk management.

15.4.2 Clarified duration for the use of EPP.



1

INTRODUCTION

1 Introduction

1.1 Purpose, application and structure

1.1.1 Purpose

The Procurement Manual details UNOPS procurement instructions, procedures and processes and provides further guidance for carrying out procurement activities for or on behalf of UNOPS effectively and efficiently in compliance with UNOPS Financial Regulations and Rules, and other applicable UNOPS legislative instruments.

UNOPS procurement officials and other personnel involved in procurement processes shall be responsible for observing the provisions contained in this manual.

1.1.2 Applicability

The instructions, procedures and processes detailed in this Procurement Manual apply to any procurement activity undertaken for or on behalf UNOPS and its partners.

Subject to adherence by UNOPS to the general procurement principles, the Executive Director may agree to apply the regulations, rules, policies and procedures on procurement of any partner or such other entities as the Executive Director may decide (Fin. Reg. 18.04).

1.1.3 Procurement Manual structure

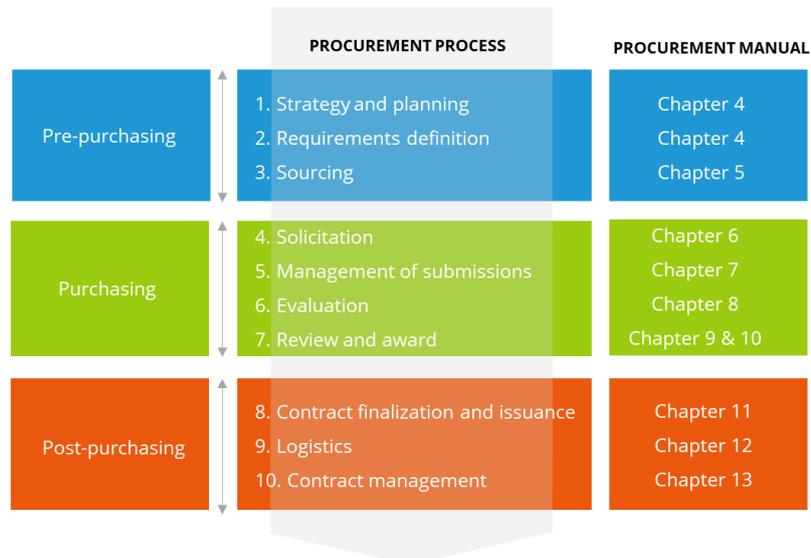
This manual is divided in 15 chapters and follows the structure – with minor deviations- of the standardized table of contents for United Nations procurement manuals, as endorsed by the High Level Committee Management (HLCM) Procurement Network, with the purpose of harmonizing procurement practices and increase collaboration among UN entities.

The manual has three overall sections:

- Chapters 1 to 3 cover respectively: introduction; organization of procurement; and supplier registration and management;
- Chapters 4 to 13 cover the ten key steps of the procurement process, from procurement strategy and planning to contract management, as depicted by Figure 1 below;
- Chapter 14 covers cooperation topics, and chapter 15 transverse topics such as the United Nations Global Compact, sustainable procurement, and risk management.

Each chapter is ended by a resources section which references relevant policies, guidance materials and templates.

Figure 1 – Procurement process steps and distribution in the Procurement Manual



1.2 Update and maintenance

This Procurement Manual will be updated regularly to ensure that it remains relevant to UNOPS activities and requirements and up to date with best practices in public procurement.

Comments or suggestions for improvement should be directed to the Procurement Group (PG) at UNOPS HQ via email at procurement@unops.org

1.3 Legislative framework

The UNOPS legislative framework is comprised of the following legislative instruments, by order of priority:

- United Nations Instruments applicable to UNOPS;
- Executive Director Principles (EDP);
- Executive Office Directives (EOD) and Instructions (EOI);
- Operational Directives (OD) and Instructions (OI);
- Guidance and Informational Documents (GD).

The key legislative instruments that apply to procurement are:

- EOD on Financial Regulations and Rules;
- OD on Procurement Framework;
- OI on Procurement Procedures and OI on Vendor Sanctions.

The UNOPS Procurement Manual is issued by the Director, Procurement Group, under the OI on Procurement Procedures. In the case of inconsistencies between any instruments of the legislative framework, the instrument with priority in the hierarchy above shall prevail. Any conflict between the UNOPS Procurement Manual and any legislative instrument shall be referred to the Director, PG who will resolve it in discussion with the Delegate that issued the applicable legislative instrument, in consultation with the Legislative Framework Committee as necessary. Interpretation authority for any procurement practice matters contained in this manual is vested with the Director, PG. Policy interpretations will be posted on the UNOPS intranet, available for consultation of procurement practitioners. Persons who disagree with the Director's interpretation may refer the issue to the UNOPS General Counsel or the Executive Chief Procurement Officer.

1.3.1 Superseding effect

This Procurement Manual, Revision 6 takes effect on 1 June 2017 and supersedes the Procurement Manual, Revision 5, 1 May 2014.

1.4 Procurement principles

The guiding principles of public procurement are based on the concept of stewardship. The term 'stewardship' generally refers to the careful and responsible management of something entrusted to one's care. Public sector organizations are the stewards of public funds which have been provided in trust by peoples to fulfil specific purposes, e.g. provision of essential social services, humanitarian relief, peace-building and peace-keeping, rehabilitation and development of economies, etc. A significant proportion of these funds are spent through procurement processes.

UNOPS is firmly committed to sustainable development and will focus, within procurement and all other areas of its mandate, on sustainability in its contributions to the results of partners. Thus, there is an expectation for UNOPS procurement practitioners to advance sustainability wherever feasible, with due consideration of the local context and partner needs.

There is a special demand on the entrusted organization in terms of achieving value for money, ethics, sustainability, efficiency as well as transparency and accountability. These expectations form the basis of public procurement principles. UNOPS, in its management of public funds, is expected to comply with public procurement principles and its services must be delivered with a high level of care and professionalism to ensure that the best total value is provided to the partner.

UNOPS Financial Regulation 18.02 requires that the following general principles must receive due consideration when undertaking all procurement activities:

- a) Best value for money
- b) Fairness, integrity and transparency

- c) Effective competition
- d) The best interest of UNOPS and its partners

By applying these principles in the procurement process, UNOPS ensures effective and purposeful implementation of its activities, including its commitment to the promotion of sustainable development, by avoiding wastage of resources, producing the most appropriate solutions at all times, and addressing the needs of the organization and its partners.

The following sections provide an outline of each principle and expectations towards those involved in the procurement process in relation to the procurement principles.

1.4.1 Best value for money

UNOPS Financial Regulation 1.02 defines 'best value for money' as the trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria. The purpose of public procurement is to obtain the best value for money and to do this it is important to consider, among other factors, the optimum combination of life cycle costing (i.e. acquisition cost, cost of maintenance and running costs, disposal cost) of a purchase and its fitness for purpose (i.e. quality and ability to meet the contracting authority's requirements). This definition enables the compilation of a procurement specification that includes social, economic and environmental policy objectives within the procurement process. Furthermore, reduced energy and resource consumption throughout the life cycle results in greater efficiencies and long-term cost savings.

The above statement may not always mean selection of the lowest initial price option, but rather represents the best return on the investments, taking into consideration the evaluation criteria specified in the solicitation documents. It requires an integrated assessment of technical, commercial, organizational, and pricing factors in light of their relative importance, including social and environmental. Other sustainability and strategic objectives defined in the legal agreement with the partner must also be considered.

In order to obtain best value for money, procurement officials must:

1. Maximize competition;
2. Keep the procurement process simple e.g., good planning and clear specifications and minimize financial risk, e.g. thorough background checks on capacity (technical and financial) of bidders¹;
3. Carefully establish the evaluation criteria (in order to select the offer with the highest expectation to meet partners' needs in accordance with the evaluation parameters set forth in the tender documents);
4. Consider all costs, e.g. life cycle costs, transportation costs, installation costs, maintenance costs, sustainable procurement considerations;
5. Ensure, whenever possible, that social and environmental benefits are optimized and adverse impacts are minimized;
6. Ensure impartial and comprehensive evaluation of offers in a timely manner; and
7. Ensure selection of the contractor whose offer has the highest degree of realism and whose performance is expected to best meet the specified requirements at the lowest overall expense to the organization.

1.4.2 Fairness, integrity and transparency

To achieve best value for money, the procurement process must protect the organization from proscribed practices, for example, fraud, corruption, collusion and other unethical practices, and be conducted on the basis of clear and appropriate regulations, rules, and procedures that are applied consistently to all potential vendors. Further, the manner in which the procurement process is undertaken must provide all internal and external stakeholders of the organization with assurance that the process is fair and transparent and that integrity has been maintained.

Fairness must be maintained by the organization and its personnel during the procurement process. This means, among other things, that we must offer equal opportunities to all bidders by, for example, sharing the same information with all bidders at the same time and generally communicating the same contents on a specific procurement. In the context of public procurement, a fair process is free from favouritism, self-interest or preference in judgement.

To better understand 'fairness', one might look at its synonyms and related words, such as: just, equitable, impartial, unprejudiced, unbiased, objective, dispassionate. 'Just' stresses conformity with what is legally or ethically right or proper.

¹ Bidder is an industry term that without any limitations refers to suppliers responding to UNOPS sourcing and/or solicitation exercises, including but not limited to RFI, EOI, RFQ, ITB and RFP.

'Equitable' implies justice dictated by reason, conscience and a natural sense of what is fair. 'Impartial' emphasizes lack of favouritism. 'Unprejudiced' means without preconceived opinions or judgements. 'Unbiased' implies absence of a preference or partiality. 'Objective' implies detachment that permits impersonal observation and judgement. 'Dispassionate' means free from or unaffected by strong emotions.

Integrity is when an individual exhibits probity in their actions. Probity means an individual has strong moral principles and honesty and decency as character traits. A person of integrity has a sense of honesty and truthfulness that is apparent in their professional and personal conduct. Such a person adheres to commonly accepted moral and ethical principles and is incorruptible. They avoid any behaviour that may be construed as 'sharp practice'. Avoiding social and environmental malpractice is also a demonstration of integrity as it reduces the reputational risk and preserves the public image of UNOPS and its partners.

Transparency literally means that something is visible and evident to everyone and that nothing is hidden. By being transparent during the procurement process, we can demonstrate at any time to all stakeholders, internal and external, that fairness has been applied.

Transparency also means that all information on procurement policies, procedures, opportunities and processes is clearly defined, made public and/or provided to all interested parties concurrently. A transparent system has clear rules and mechanisms to ensure compliance with established rules (unbiased specifications; objective evaluation criteria; standard solicitation documents; equal information to all parties; confidentiality of offers, etc.). Among other things, records are open, as appropriate, to inspection by auditors, unsuccessful suppliers can be briefed on the strengths and weaknesses of their own offers and contract information is disclosed publicly. The inclusion of sustainability criteria at the very early stages of the procurement process encourages respect of this principle. Transparency ensures that any deviations from fair and equal treatment are detected very early in the process, making such deviations less likely and thus protecting the integrity of the process and the interests of the organization.

1.4.3 Effective competition

By fostering effective competition among suppliers, UNOPS applies the principles of fairness, integrity and transparency to achieve best value for money.

Effective competition is achieved under the following conditions:

- Sufficient number of independent prospective contractors;
- Prospective contractors that act independently of each other;
- Competition for the same business opportunity under the same conditions;
- Response to the procurement opportunity by a sufficient number of offers.

Effective competition underpins sustainable procurement; in order to maintain effective competition, sustainable procurement must be implemented progressively and in accordance with the right of access to the United Nations market for vendors from developing countries with economies in transition.

Financial Rule 118.03 states that UNOPS procurement contracts shall be awarded on the basis of effective competition unless exceptions to the use of formal methods of solicitation pursuant to Rule 118.05 are justified. To that end the competitive process shall include:

- a) Procurement planning for identifying appropriate procurement strategy and methodology;
- b) Market research for identifying potential suppliers and if applicable assessing the readiness of the market in terms of sustainability;
- c) Competition on as wide a geographic basis as is practicable and suited to market circumstances. Every effort must be made to ensure competition and not to place restrictions on vendor eligibility unless explicitly mentioned in the legal agreement with the partner. Neither must UNOPS accept procurement awards to pre-selected suppliers or countries unless approved by the funding source in accordance with OD 04 Engagement Acceptance Policy;
- d) Consideration of prudent commercial practices.

Effective competition is concerned with 'right time, right quality' and 'right price', meaning:

- Adequate notification must be given to the vendor community to ensure that there is sufficient time to participate in the procurement processes;
- There shall be no restriction of competition through over-specification, e.g. inclusion of unjustified or unrealistic requirements in specifications and/or terms of reference (TOR)/statement of work (SOW), or under-specification, e.g. omission of essential information in the specifications and/or TOR/SOW;

- Economies of scale, i.e. quantity discounts, fewer resources invested and reduced administrative costs, can be achieved when procurement volumes for identical or similar requirements are consolidated in a single tender. The same may be achieved through the use of long-term agreements (LTAs);
- Wherever it is found in the best interest of UNOPS or operationally necessary to divert from this principle, 6.8 Exceptions to competitive tendering or formal methods of solicitation will apply.

1.4.4 Best interest of UNOPS and its partners

The definition of this principle is derived from the ultimate objective of the procurement, which is to add value to the organization and its partners in fulfilling their goals and objectives. Undertaking procurement in the interest of UNOPS and its partners means carrying out procurement activities in a manner that best enables UNOPS and its partners to reach the general and specific objectives of the project agreements in compliance with applicable procurement procedures.

Sustainable procurement is clearly in the best interest of United Nations organizations since it supports the alignment of procurement to their mandate and to their specific project objectives while ensuring value and efficiency are achieved.

To a large extent, the other three principles underpin this overarching value, but the latter also includes concepts such as maintaining the best image and reputation of the organization, not giving the impression of impropriety, and promoting the public good as specified in the Charter of the United Nations in every aspect of UNOPS procurement activities.

1.4.5 Potential conflicts among the principles

While in unison these principles provide a common framework for UNOPS procurement, individual principles may conflict in some situations: to achieve the correct balance, judgement and professional and management experience must be applied.

Examples of conflicts among the principles:

- Notifying potential bidders of the existence of an open tender might be perceived to contravene the principle of fairness (as only a selected number of bidders are notified); however, this is likely to achieve effective competition provided all potential bidders are notified at the same time;
- Deciding not to disclose contract information in countries where lack of security is a major concern, i.e. where UNOPS suppliers or contractors could be the target of terrorists might be seen as against the principle of transparency; however, such a decision is in the interest of UNOPS and its partners;
- Including social and environmental criteria in tender documents might be perceived as a restriction of competition (some potential suppliers may not be able to participate), but provided a sufficient number of bidders can meet the specifications, this is likely to achieve best value for money and advance sustainability.

1.5 Ethical standards

The discipline of ethics relates to concepts of right and wrong conduct, moral duty and obligation, moral principles and values, and to moral character. Most procurement related principles, i.e. fairness, integrity, transparency and accountability, are based on ethics.

As UNOPS undertakes procurement using public funds entrusted to the organization by a funding source or beneficiary, it is imperative that all activities conform to the highest standards of ethical conduct. Every business unit of the organization as well as all individuals acting on behalf of UNOPS must observe the highest standards of ethics throughout the procurement process.

All UNOPS personnel involved in procurement activities shall maintain an unimpeachable standard of integrity in all business relationships, both inside and outside UNOPS. Ethical conduct shall apply in all dealings with UNOPS partners, donors, Governments, beneficiaries and the general public. Procurement officials must never use their authority or office for personal gain and must seek to uphold and enhance the standing of UNOPS.

Professional standards of ethical conduct of UNOPS staff are stated in the 2013 Standards of Conduct for the International Civil Service, Articles 100 and 101 of the Charter of the United Nations, in the Staff regulations and Staff Rules of the United Nations, as well as in the FRR. Further, each individual staff member through the Oath of Office agrees to “regulate my personal conduct with the interests of the United Nations only in view”.

Although individual contractors do not have the status of United Nations officials, while working on UNOPS-related business, individual contractors must comply with the standards of conduct required of United Nations civil servants.

All individuals are responsible for the regularity of actions taken by them in the course of their official duties. Any staff member that takes action contrary to the FRR or the Staff Regulations and Rules of the United Nations may be held personally responsible and financially liable for the consequences of such action. They may also be disciplined under those provisions. Pursuant to the policy on ICA contractors, any failure by an individual contractor to observe the standards of conduct applicable to him/her shall mean the imposition of different remedies or the termination with immediate effect of his/her ICA for cause; further, UNOPS may refer any alleged breach by an individual contractor of the applicable standards of conduct to the relevant national authorities for appropriate action.

UNOPS personnel are under a duty to report any suspected misconduct by a colleague, including fraud which should be reported to IAIG through the following email address: fraudhotline@unops.org. UNOPS personnel reporting in good faith any incident of suspected misconduct are entitled to protection by the Ethics Officer (ethicsofficer@unops.org) from retaliation, in accordance with the policy on protection against retaliation for reporting misconduct or co-operating with duly authorised fact-finding activities.

1.5.1 Ethics in dealing with suppliers

UNOPS shall treat all suppliers in a fair and equitable manner in line with the principle of fairness, integrity and transparency in the procurement process.

Nothing shall prevent suppliers from competing for UNOPS business on a fair, equitable and transparent basis; personnel involved in procurement activities are responsible for protecting the integrity of the procurement process and maintaining fairness in UNOPS treatment of all suppliers.

All UNOPS personnel and others involved in the procurement process on behalf of the organization must ensure that they abide by the following standards of conduct:

- During the pre-solicitation phase, suppliers must not be allowed access to specific, privileged information on a particular acquisition before such information is available to the business community at large;
- During the solicitation phase, all suppliers must receive identical information. Any clarifications to the solicitation documents must be provided at approximately the same time, in writing, to all suppliers (see [6.7 Communication with vendors](#));
- Specifications must not include conditions limiting competition, e.g. branding unless required for standardization purposes; (see [4.3 Requirements definition](#)), nor be unnecessarily restrictive, as this may discourage competition;
- Individuals having a personal or financial interest in a vendor invited to participate in a limited competition or responding to a solicitation are prohibited from any involvement in the procurement process;
- During the evaluation, the evaluation criteria specified in the solicitation documents must be followed and must be applied in the same manner to each evaluated offer. Under no circumstances can new or revised evaluation criteria be introduced during the evaluation of offers nor can the method of evaluation be changed from that set out in the solicitation documents.

1.5.1.1 Standards of conduct

Ethical conduct is an ongoing process of self-regulation and reflection at every stage of the procurement process. It is not possible to specify everything that UNOPS personnel need to know regarding what is allowed and what is prohibited; law is governed by rules, whereas ethics is based on the subjective appreciation of what is right and what is wrong assessed according to the values of the United Nations. Therefore, UNOPS personnel must seek to be guided as much by the spirit of the law, or other written requirement, as by the letter of the law; public procurement officials must be guided by what the rule is intended to accomplish.

UNOPS has adopted a policy on financial declaration and disclosure of interest applicable to certain categories of UNOPS personnel, including personnel involved in procurement actions.

The standard of conduct for all personnel involved in procurement actions includes, but is not limited to:

- a) Personnel shall not allow any vendor(s) to have access to information on a particular acquisition before such information is available to the business community at large;
- b) Personnel shall not intentionally use unnecessarily restrictive or 'tailored' specifications, terms of reference or statements of work that can discourage competition;
- c) Personnel shall not solicit or accept, directly or indirectly any promise of future employment from anyone who has sought or is seeking to obtain UNOPS business;
- d) Personnel shall not have a financial interest in any vendor(s) responding to a UNOPS bidding exercise and are prohibited from any involvement in the procurement action if they do;

- e) Personnel shall not disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information;
- f) Personnel shall not falsify any document created as part of the procurement process and, in particular, shall not change the content of a bid evaluation report without having the report signed again by the evaluation team members.

UNOPS has issued AI/OEC/2008/06 which is aligned with the Secretary General's bulletin of ST/SGB/2006/15, outlining post-employment restrictions on UNOPS staff involved in the procurement process after separation.

Should you have any further questions, please visit the Ethics Office intranet site where you will find more information and the contact details of the UNOPS Ethics Officer.

1.5.1.2 Conflict of interest

A conflict of interest occurs when the personal interests of UNOPS personnel, such as outside activities or relationships or personal financial interests, interfere or appear to interfere with the proper performance of his or her official duties or responsibilities or with the integrity, independence and impartiality required by the individual's status as UN personnel. UNOPS personnel involved in procurement activities must be aware of the following:

- Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets; political or other outside activities and affiliations while in the service of UNOPS; employment after leaving UNOPS service; or the receipt of a gift or other benefit (see [1.5.2 Gifts and hospitality](#) below) that may place UNOPS personnel in a position of obligation;
- A conflict of interest also includes the use of UNOPS assets, including human, financial and material assets, or the use of a UNOPS office or knowledge gained from official functions for private gain or to prejudice the position of someone not favoured by UNOPS personnel;
- A conflict of interest may also arise where UNOPS personnel is seen to benefit, directly or indirectly, or allows a third party, including family, friends or someone they favour to benefit from UNOPS personnel decisions;
- If any UNOPS personnel believe they have a conflict of interest, it must be promptly and fully disclosed to the UNOPS Ethics Officer. The individual must then refrain from any participation in the matter until the Ethics Officer has resolved the conflict;
- After full disclosure to those concerned, it may be determined that despite the conflict UNOPS interests remain best served by the participation of the individual.

UNOPS personnel are prohibited under the Staff Regulations (staff members) and pursuant to ST/SGB/2002/9 and the policy on individual contractors from engaging in any outside occupation or employment, whether remunerated or not, without due approval to be obtained through the Ethics Office.

1.5.2 Gifts and hospitality

UNOPS personnel are prohibited from accepting gifts, honours, decorations, favours or any form of non-UN remuneration or benefits in the course of their official duties. Such benefits create obligations, which in turn create conflicts of interest, especially in the context of procurement. Please refer to AI/EO/2012/01 for details and contact the Ethics Office if further guidance is needed.

1.5.3 Ethical behaviour of suppliers

The United Nations Supplier Code of Conduct is promulgated by the United Nations Procurement Division and is fully endorsed by UNOPS. UNOPS expects all suppliers who wish to do business with UNOPS to embrace this code of conduct given that it originates from the core values outlined in the Charter of the United Nations, which binds all nations. As such, an acknowledgement of the United Nations Supplier Code of Conduct is required to register as a vendor in UNGM (see [3.1 Supplier registration](#)).

UNOPS expects all its suppliers to adhere to principles of the United Nations Global Compact, derived from the Universal Declaration of Human Rights; the ILO Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; and the UN Convention against Corruption (see [15.1, The United Nations Global Compact](#)). Suppliers are required to notify UNOPS should they themselves suspect that any suppliers of inputs to their processes might contravene the shared values stated in this chapter.

Suppliers have the obligation to comply with the UNOPS General Conditions of contract, which contain specific provisions on mines, child labour, sexual exploitation, and the fundamental rights of workers. The UNOPS General Conditions form an integral part of every contract between UNOPS and a vendor. Vendors signing a contract with UNOPS agree to

conform to these provisions. Moreover, the United Nations is committed to conducting business with only those suppliers sharing its values of respect for fundamental human rights, social justice, human dignity, and respect for the equal rights of men and women, enshrined in the Charter of the United Nations.

The demand for ethical behaviour applies to all suppliers providing goods, services or works to the United Nations around the world. UNOPS expects its suppliers to embrace and advance the principles of social and environmental sustainability, and reserves the right to refuse entering into business with suppliers that have proven records of misconduct in their social and/or environmental practices.

Similarly, UNOPS expects its suppliers to abide to minimum mandatory social and environmental standards, to strive for continuous improvement and to respect more advanced social and environmental requirements as set forth into tender requirements.

1.5.3.1 Proscribed practices by suppliers and vendor sanctions

UNOPS, as a subsidiary organ of the United Nations, strives to realize public goods in the development, humanitarian and peace-building areas. As such, in spending public resources, UNOPS aims to meet the highest standards of integrity and competency, and demands no less from those who wish to work with or for UNOPS in carrying out its activities.

To this purpose, UNOPS established its Operational Instruction on Vendor Sanctions to establish the framework and procedures by which UNOPS shall impose sanctions to vendors that have engaged or attempted to engage in proscribed practices, whether it is within the context of procurement, or grants or partnership arrangements. This UNOPS policy is based on the Model Policy Framework (MPF) for Agencies of the UN System adopted by the High Level Committee on Management Procurement Network, a framework which enables UNOPS to cooperate with Agencies in order to ensure consistent treatment of Vendors and reciprocity within the UN System.

The framework defines proscribed practices as follows:

- *Corrupt practice*: is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
- *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;
- *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;
- *Collusive practice*: is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
- *Unethical practice*: Conduct or behaviour that is contrary to the conflict of interest, gifts and hospitality, post-employment provisions or other published requirements of doing business with UNOPS;
- *Obstruction*: Acts or omissions by a vendor that prevent or hinder UNOPS from investigating instances of possible Proscribed Practices.

In accordance with the OI on Vendor Sanctions, a Vendor Review Committee (VRC) was established as an internal administrative body tasked with making recommendations to the Executive Chief Procurement Officer (ECPO) regarding possible sanctions against Vendors that have been found to have engaged or attempted to engage in proscribed practices.

A sanction is an administrative determination determined and applied by UNOPS as a result of a vendor engaging in proscribed practices. The ECPO may impose any of the following sanctions or a combination of them:

- *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 future proceedings;
- *Ineligibility or Debarment*: Formal declaration that a Respondent(s) has become ineligible for a period of time to be awarded and/or to partake in UNOPS contracts, conduct new business with UNOPS as agent or representative of other vendors and to partake in having discussions with UNOPS regarding new contracts. Exceptionally, the VRC may recommend that the Respondent's debarment be permanent;
- *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.

UNOPS personnel shall notify the Chairperson or Secretary of the VRC of any instance where there are allegations or concerns regarding the possible involvement of a vendor in any proscribed practices. Upon receipt of such notification, the Chairperson or Secretary shall submit the allegations to IAIG for a preliminary assessment. UNOPS personnel may also refer the matter directly to IAIG through its intake mechanisms, such as the IAIG hotline (email: fraudhotline@unops.org).

1.5.3.2 Supplier conflict of interest

UNOPS requires that a supplier participating in a procurement process shall not have a conflict of interest, so as to avoid any distortion of competition and to ensure fairness of the process.

A supplier shall be considered to have a conflict of interest in a procurement process if:

- A supplier (including its personnel) has a close business or family relationship with a UNOPS personnel who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract;
- A supplier is associated, or has been associated in the past, directly or indirectly, with a firm or any of its affiliates which have been engaged by UNOPS to provide consulting services for the preparation of the design, specifications, and other documents to be used for the procurement of the goods, services or works required in the present procurement process;
- Does not comply with any other conflict of interest situation relevant to the specific procurement process as specified in the solicitation document.

Suppliers must disclose any actual or potential conflict of interest in their bid submissions and they shall be deemed ineligible for that procurement process unless such conflict of interest is resolved in a manner acceptable to UNOPS (refer to section [3.3 Vendor ineligibility](#)). Failure to disclose any actual or potential conflict of interest may lead to the supplier being sanctioned further to section [1.5.3 Ethical behaviour of suppliers](#) above.

Chapter resources	
UNOPS policies	Executive Director Principles EOD.ED.2017.01 - Legislative Framework EOD.ED.2017.04 - Financial Regulations and Rules OD.EO.2017.01 – Procurement Framework OI.PG.2017.01 – Procurement Procedures OI.PG.2017.02 – Vendor Sanctions OD 21 (rev.6) – Individual Contractor Agreement Policy OD 10 (rev.2) – UNOPS Policy to Address Fraud OD 35 – Protection against retaliation for reporting misconduct or cooperating with duly authorized fact-finding activities OD 23 (rev.3) – Policy on financial declaration statements AI/OEC/2008/06 – Post-employment restrictions AI/EO/2012/01 – Prohibition of accepting gifts, honours, decorations, favours or non-UN remuneration or benefits from governmental and non-governmental sources
Other useful resources	Charter of the United Nations Staff Rules and Staff Regulations of the United Nations 2013 Standards of Conduct for the International Civil Service United Nations Supplier Code of Conduct United Nations Global Compact UNOPS list of sanctioned vendors <i>Intranet site:</i> UNOPS Ethics Office <i>Intranet site:</i> UNOPS IAIG



2

ORGANIZATION OF PROCUREMENT

2 Organization of procurement

2.1 Overview of the procurement process

2.1.1 Definition of procurement

Procurement is defined in UNOPS FRR 1.02 as the acquisition of property, plant and/or equipment, goods, works or services through purchase, hire, lease, rental or exchange from any source other than UN system organizations. Actions undertaken to carry out procurement are defined as procurement activities and these include the ten steps outlined in section 2.1.2 below.

Works refers to all activities and services relating to the design, supervision, construction, reconstruction, demolition, repair or renovation of infrastructure, including technical consultancy services relating to works and the supply and installation of technologies such as solar power systems, elevators, etc. To be noted that while most of the procurement procedures are the same for the procurement of goods, services and works, there are specific procedures, solicitation documents and contracts for works which shall be used. These are highlighted as appropriate throughout the manual. Should a procurement official have any doubt on whether to use solicitation/contract templates for goods/services or for works, these must be raised to PG and IPMG prior to starting the procurement process.

Sustainable procurement is defined as those practices that integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs². Please refer to section [15.2](#) for more details on Sustainable Procurement including provisions for its implementation. Additional guidance has been embedded throughout the manual where relevant.

For the purpose of this manual, and unless specifically mentioned, the term 'procurement' is limited to commercial activities and does not include the following which are subject to other UNOPS legislative instruments:

- *Selection and administration of individual contractors:* The Individual Contractor Agreement (ICA) is a UNOPS legal instrument used to engage the services of individuals who are not staff. Refer to the Individual Contractor Agreement Policy, which is managed by the People and Change Group (PCG);
- *Grants:* Agreements signed with grantees, through a Grant Support Agreement. A grantee will often be a non-governmental, community-based or grass-roots organization, and 'grant support' is the provision of funds to an organisation to directly implement a project activity. Refer to the policy on Grant Support – Instructions, managed by the Infrastructure and Project Management Group (IPMG);
- *Partnerships:* Term used to refer to arrangements between UNOPS and non-UN agencies and non-State entities, excluding all procurement related and grant-making activities. Refer to the Policy for Partnerships with Non-UN and Non-State Entities, managed by Communications and Partnerships Group (CPG);
- *Inter-agency agreements:* arrangements involving the transfer or receipt of funds to or from a UN agency for the implementation of activities. Refer to IPAS Legal for guidance.

2.1.2 Outline of the procurement process

The standard UNOPS procurement process consists of ten steps can be categorized in three groups; pre-purchasing, purchasing and post-purchasing.

² Sustainable Procurement Statement, adopted by the HLCM Procurement Network at its meeting in Vienna, February 2009



Each step is covered in detail in this manual, in chapters 4 to 13, as per structure in section 1.1.3.

2.2 Responsibilities of organizational units and key roles in procurement processes

The OD on Procurement Framework identifies the following key organizational units and roles:

- *Executive Chief Procurement Officer (ECPO)* – Overall oversight of UNOPS procurement activities has been delegated by the Executive Director to the ECPO which is a functional role that has been designated to the Deputy Executive Director. The ECPO may in turn further delegate part of this authority to relevant UNOPS personnel to ensure efficacy and efficiency of UNOPS procurement activities;
- *Procurement Group (PG)* – under the authority of its Director, shall be responsible to:
 - Articulate strategy, policy positions and innovative solutions for procurement at UNOPS;
 - Enable the organization’s procurement in a transparent, accountable and efficient manner in order to execute the organization’s business strategy;
 - Establish and maintain instructions, procedures, processes, control mechanisms, and supporting guidance on procurement activities;
 - Ensure that the above instructions, processes and tools are being complied with by the units responsible for implementation of UNOPS operations, achieve the intended outcomes, and if not, assess why and make any required changes;
 - Enable the operationalization and managerial oversight of UNOPS procurement activities through appropriate systems and reports;
 - Support in the identification and development of opportunities for the provision of procurement services for partners and clients, and ensure appropriate modalities for service delivery;
 - Strengthen the knowledge, skills and career development of procurement practitioners, including through setting standards for internal and external certification;
 - Provide guidance on skills, education and experience for personnel profiles to facilitate recruitment and rostering of procurement profiles;
 - Maintain the list of UNOPS personnel holding a delegation of authority (DOA) in procurement.
 - Establish grievance mechanisms to address complaints from or against vendors;
 - Establish the requirements for vendor registration and for background checks/due diligence;
 - Host the secretariat of the Vendor Review Committee (VRC), further to the provisions of the OI on Vendor Sanctions;
 - Designate personnel as Procurement Reviewers.
- *Procurement Authority* – The ECPO shall designate, for each business unit, one or more personnel as committing officer(s) for procurement activities, and shall establish the authority and responsibility of those committing officers. See [2.5 Procurement authority](#) below for further details.
- *Contracts and Property Committees (CPC)* – Further to Fin. Rule 117.01 (c), the Executive Director established the Headquarters Contracts and Property Committee (HQPC) to render written advice to the ECPO with respect to procurement and other activities, as well as delegated the authority to the ECPO to establish Local Contracts and Property Committees (LCPCs) in regional offices to render written advice to the Regional Director(s). Refer to Chapter 9 for further details on CPC, including scope of review and monetary thresholds.

In addition to the above, the following units and roles are important in conducting procurement processes:

- *Integrated Practice Advice and Support (IPAS)* – under the Corporate Support Group (CSG), it was established for the purpose of serving the operations of the entities under its coverage, primarily with advice and solutions to everyday implementation challenges. The unit also acts as a mechanism for identifying areas within management and delivery practices where policy and process enhancements could be introduced to meet implementation needs. IPAS delivers support and advice in the following management and delivery practices: finance, human resources, legal, procurement, administration. The IPAS procurement team works in close collaboration with PG on policy development and provides support and advice to UNOPS personnel³ on procurement matters;
- *Infrastructure and Project Management Group (IPMG)* – In charge of managing and providing guidance regarding the use of the works contracts system and the design review process;
- *Project manager/Requisitioner* – see [2.3 Project manager/Requisitioner](#) below;
- *Procurement official* – see [2.4 Procurement official](#) below;
- *Procurement reviewer* – see [2.6 Procurement Reviewers](#) below.

2.3 Project manager/Requisitioner

A project manager (also referred to as requisitioner in some sections of this manual) is the person that initiates a purchase requisition, i.e. a request for goods, works or services. They have primary responsibility for managing project resources and achieving project results. In UNOPS, all expenditures must be made against a valid project.

Responsibilities of a project manager in a procurement process (some of these can be delegated to other project personnel):

- Preparing the procurement plan of the project, ensuring that proposed expenditures are in accordance with the purpose of the project;
- Drafting the requirements definitions;
- Approving requisitions in oneUNOPS and requests for non-purchase order payments;
- Evaluating submissions received, if appointed to the evaluation team;
- Accepting goods, services or works delivered by suppliers, and create purchase order receipts in oneUNOPS;
- Lead contract management duties including supplier performance evaluation. Contract management duties may include further duties if acting as the Employer's Representative within the FIDIC works contracts.

All UNOPS project managers must complete the mandatory courses designed for this role in the UNOPS procurement training strategy, within the specified completion time.

2.4 Procurement official

A procurement official is the UNOPS personnel responsible for carrying out a procurement process. In large business units, procurement activities are undertaken by specialized procurement personnel, while in smaller offices these can be undertaken by other personnel, provided they have relevant knowledge and experience.

Responsibilities of a procurement official in a procurement process:

- Defining procurement strategies in collaboration with the project manager, upon review of the procurement plan;
- Reviewing the requirements definition and ensuring these are appropriate from a procurement perspective;
- Leading the sourcing process and market research, if applicable;
- Preparing solicitation documents and managing the solicitation process;
- Carrying out and facilitating the evaluation of submissions if appointed to the evaluation team;
- Preparing the recommendation for award and submitting case to CPC, if applicable;
- Entering and updating supplier information in oneUNOPS;
- Preparing contracts and creating purchase orders in oneUNOPS;
- Preparing requests for payment in oneUNOPS upon receipt of appropriate documentation;
- Performing contract management duties, in support of the project manager/requisitioner.

³ The function of IPAS in the Latin America and Caribbean region (LCR) is carried out by Practice Advisors due to the region's unique needs.

All UNOPS procurement officials⁴ must complete the mandatory courses designed for this role in the UNOPS procurement training strategy, within the specified completion time.

2.5 Procurement authority

According to UNOPS Financial Rule 117.01 (c), "(a) the Executive Chief Procurement Officer [...] shall designate, for each business unit, one or more personnel as committing officer(s) for procurement activities, and shall establish the authority and responsibility of those committing officers." In accordance with the FRR, committing officers are, "personnel who have been delegated in writing a defined level of authority to commit UNOPS funds for specified purposes and have accepted accountability for same." All personnel referred to as PA at UNOPS must be in possession of a written delegation of authority (DOA) for procurement. In this Procurement Manual, UNOPS personnel who have been formally delegated authority for procurement and have thus been designated the role of procurement authority will be referred to as a procurement authority or PA interchangeably.

All UNOPS procurement authorities must complete the mandatory courses designed for this role in the UNOPS procurement training strategy, within the specified completion time.

2.5.1 Responsibilities of the procurement authority

PAs must exercise their duties and responsibilities under their designated DOA with utmost care, efficiency, impartiality and integrity. They are responsible for:

1. Approving procurement activities corresponding to the designated DOA level, as identified in the Master Table of Authority in Procurement (see [2.5.2 Delegation of authority \(DOA\)](#) below), ensuring, prior to any commitment being made, that:
 - The procurement activity strictly complies with the UNOPS FRR, the OI on Procurement Procedures, the Procurement Manual and other relevant UNOPS legislative instruments; or with the procurement procedures of UNOPS partners or funding sources when such procedures have been agreed to by UNOPS;
 - Sufficient funds are available for the commitment;
 - The procurement activity is in the best interest of UNOPS.
2. Undertaking other control functions set forth in the Procurement Manual. Unless a control function is listed in the DOA table, PAs may execute any such function irrespective of level of DOA and the estimated contract value, e.g., shortening of solicitation time periods, approval of evaluation team, or designation of bid opening panel;
3. Providing reports in accordance with their DOAs and as stipulated in the Procurement Manual;
4. PAs might also act as the Employer within the FIDIC works contracts.

2.5.2 Delegation of authority (DOA)

Table 1 reflects the Master Table of Authority in Procurement which sets forth the levels of delegated authority in procurement and the applicable conditions.

As per the FRR and OD on the Procurement Framework, the PA shall be designated by the ECPO or the Director, PG upon delegation of authority from the ECPO. The DOA is delegated to individuals, not to functions and its assigned for specific UNOPS projects or business units. Therefore, all individuals in an acting capacity (e.g. Officer-in-Charge (OIC)) must be granted proper DOA in order to be able to exercise this authority until the official incumbent resumes their function. DOA may only be sub-delegated if authorized in the DOA letter.

⁴ The term "procurement official" in the context of this manual is different that the role of the same name in oneUNOPS.

Table 1 | Levels of delegated authority

Activity ^{1,2}	Level 1	Level 2	Level 3	Level 4
	US\$	US\$	US\$	US\$
Approve short lists, RFIs, requests for EOI, pre-qualification and solicitation documents, including amendments thereof	Unlimited	Unlimited	Unlimited	Unlimited
Award ³ contracts further to the use of formal methods of solicitation	50,000	250,000	500,000	1,000,000
Award contracts further to pre-selection ^{4,5}				
Award call-off orders against LTAs	50,000	250,000	500,000	1,000,000 ⁶
Award call-off order amendments against LTAs				
Award contracts through an exception to the use of formal methods of solicitation, other than pre-selection ⁵	50,000	50,000	250,000	250,000
Award contract amendments, not including call-off orders against LTAs nor the situations within a pre-awarded				
Approve variations and claims for works contracts or amendments for goods and services within pre-awarded contingency	50,000	500,000	Unlimited	Unlimited
Sign awarded contracts, awarded LTAs, awarded call-off orders, and awarded amendments	Unlimited	Unlimited	Unlimited	Unlimited
Sign contracts pursuant to no objection mechanism from international financial institutions (e.g. World Bank) and UN organizations	Unlimited	Unlimited	Unlimited	Unlimited
Approve retroactive or post-facto cases	None	None/50,000 ⁷	250,000	250,000

¹ All values displayed are up to, but not including, the amounts indicated for each level and exclusive of taxes and duties.

² Some of these activities require either pre-clearance by a procurement reviewer before the PA's decision (see [2.6 Procurement Reviewers](#) in the procurement manual), or else review by a CPC (see [9.4 Scope of review of CPC](#)).

³ Award is as per UNOPS FRR, the authorization given by authorized personnel to establish a commitment. In this context, it includes the activities by which the PA authorizes issuance of contracts, LTAs, call-off orders, or amendments thereof. The request for award shall be submitted to the PA with the appropriate level of DOA for their review and award of contract.

⁴ Please consult the AI on Engagement Acceptance for particular situations such as pre-selection using the procurement rules of a non-UN organization and pre-selection taking place after endorsement of the project document.

⁵ DOA holders under the Individual Contractor Agreement (ICA) modality cannot award a contract on the basis of a broadly-defined exception to a formal method of solicitation, i.e. FRR118.05(a)(vi), (viii), (ix) and (x).

⁶ Awards of call-off orders or amendments against LTAs equal or above US\$1,000,000 to be submitted to the ECPO or Director, PG, without prior review of a CPC.

⁷ Regional Directors or Deputy Regional Directors and HQ Directors are the only persons authorized to approve retroactive or post-facto cases for amounts of up to US\$50,000

2.5.2.1 Cumulative amounts

For a contract or series of contracts, including amendments thereof, awarded to the same vendor for the same project or purpose in the last 12 months, the cumulative amount must be considered when determining the level of DOA required for clearance.

In this context, 'same project' means same oneUNOPS project; 'same purpose' is when award of a contract or series of contracts to the same vendor, including amendments and variations or awarded claims for works contracts thereof, results from a single solicitation process. Therefore, the amount of any contract or series of contracts, purchase order, or

amendments and variations or awarded claims for works contracts resulting from the same solicitation process are for the same purpose regardless of the project(s), or of the business unit(s), and must be accumulated for the purpose of determining the relevant PA.

2.5.2.2 LTAs and DOA

All new long-term agreements (LTAs) regardless of their value must be reviewed by HQCPC and be awarded by the ECPO, with the exception of valid LTAs which have been established by other United Nations Organizations further to the provisions of Chapter 14, Cooperation. This is because each LTA is established pursuant to a single solicitation exercise, but is likely to encompass a multitude of call-off orders over its duration. All call-off orders against a single LTA will be issued for the same purpose. Considering that any business unit can issue call-off orders against established international LTAs, there is the inherent risk that the aggregate amount of call-off orders for the same purpose may exceed the threshold for CPC review and the corresponding DOA level for award of contracts. To pre-empt this scenario, without exception, all LTAs require review by the HQCPC, irrespective of projected total value and requirement complexity.

2.6 Procurement Reviewers

Procurement reviewers⁵ are designated by the Director, PG to undertake the following duties:

1. Pre-clearance of the following documents prior to the approval of the PA: requests for information (RFI), requests for expression of interest (EOI), invitations for pre-qualification, shortlists, and solicitation documents under formal methods of solicitation (ITB and RFP) including amendments thereof;
2. Pre-clearance of submissions for review and award:
 - a) Contracts and Property Committee (CPC) submissions for clearance by the clearing authority. [9.4 Scope of review of CPC](#) for more information on thresholds. Note: scope of pre-clearance in this case is limited to ensuring that all formal requirements are being met by the submitting unit;
 - b) Submissions below CPC thresholds for award of contracts by the PA directly, including awards further to the use of formal methods of solicitation and pre-selection equal to or above US\$50,000 or awards below US\$50,000 if further to exceptions to the use of formal methods, amendments, post-facto and retro-active.
3. Ensure that procurement actions pre-cleared uphold the UNOPS procurement principles and highest standards of integrity, including that appropriate vendor background checks have been carried out prior to award;
4. Provide advice to the heads of business units on procurement procedures and appointment of individuals for receiving of offers, bid opening and evaluation team composition. Instruct the appointed individuals on importance of confidentiality and integrity;
5. Provide general procurement advice and serve as mentor to procurement practitioners in their business units and region;
6. Provide comments to CPC observations related to the cases submitted by their business units;
7. Support PG in the communication and roll out to their business units and regions of new and revised procurement procedures, templates, and systems;
8. Report quarterly on the awards done by IPAS with level 1 DOA further to the exception to the use of formal methods of solicitation of value below US\$50,000 within their project(s)/business unit(s) to ensure that procurement principles have been observed, and cases where fewer than three bids or proposals have been received in response to limited competition tenders for which contracts have been issued without CPC review. Such quarterly report is to be submitted to PG along with proposed recommendations for process improvements if applicable.

Notes:

- If the PA is not a procurement reviewer, the PA cannot authorize, sign or approve those procurement activities that require pre-clearance before such pre-clearance is provided. Whenever the procurement reviewer rejects a pre-clearance request for award of contract and the PA is of the opinion that award should be recommended, the PA shall request contracts and property committee (CPC) review and recommendation for contract award without the required pre-clearance by a procurement reviewer. Instead, the PA will both pre-clear and clear any such request for award of contract and shall explain in writing as part of their submission to the CPC the absence of the procurement reviewer's pre-clearance;

⁵ This role was formerly termed 'Procurement Advisor'.

- For procurement activities other than award of contracts, whenever the procurement reviewer refuses to provide pre-clearance and the PA is of the opinion that approval shall be provided, the PA shall consult with the Director, PG, who will make the final pre-clearance decision.

Current lists of procurement reviewers are maintained on the Procurement Group's intranet site along with information on the nomination process.

All UNOPS procurement reviewers must complete the mandatory courses designed for this role in the UNOPS procurement training strategy, within the specified completion time.

2.7 Accountability

All UNOPS personnel are accountable to the ED for the regularity of actions undertaken by them in the course of official duties. UNOPS personnel who take any action that is contrary to the FRR, or to other relevant legislative instruments, may be held personally responsible and financially liable for the consequences of such action (Fin. Reg. 103.2).

As UNOPS utilizes public funds in the procurement process, due care must be taken to ensure these are utilized solely for their intended use. Individuals holding a DOA must be particularly careful to ensure their actions, or those undertaken by persons under their supervision, are in compliance with the FRRs and other relevant legislative instruments.

2.8 Segregation of duties

Segregation of duties is an internal control mechanism used to assure that no single individual or organizational unit is given responsibility for more than one related function. The respective procuring unit within UNOPS shall be organized maintaining a segregation of responsibilities for key steps of the procurement process.

There are two areas where segregation of duties are applied in a procurement process:

1) Purchasing cycle in the ERP system (oneUNOPS)

There are three main "authorities" in the purchasing cycle per the Internal Control Framework:

- First authority (budgeting authority): person with responsibility for managing the resources being spent. Normally performed by the project manager;
- Second authority (approving authority): person that approves purchase orders, after the procurement official has created them. Performed by the Procurement Authority;
- Third authority (disbursing authority): person that approves the payment of purchases.

Personnel are granted profiles in oneUNOPS consistent with their roles and the following segregation of duties measures are enforced by the system:

- Personnel that create purchase orders, cannot approve them;
- Personnel that create requisitions cannot approve them;
- Personnel that approve requisitions and purchase orders, cannot approve finance vouchers;
- Receipt of purchase orders cannot be done by the procurement official;
- Personnel that create or modify suppliers, cannot approve them. The right to approve new suppliers in the system is separated from the procurement function and performed by the Global Shared Service Centre (GSSC) in Bangkok;
- Any justified combination of roles to be documented and approved by the Director or Head of Support of the Business Unit.

2) Procurement process steps outside the ERP system

The following segregation of duties apply:

- Opening of offers for formal solicitation exercises must include at least one personnel that has no involvement in the subsequent stages of the procurement process, except the provisions under [7.4.1](#);
- Evaluation team is conformed as per section [8.2](#);
- The PA shall not award contracts or purchase orders or amendments thereto in instances where the PA has directly and personally conducted the procurement process. In such cases, all contract documents, purchase orders, or amendments thereto, must be referred upwards to the next DOA level. Notwithstanding the above, PAs may exercise the remaining delegated authorities (e.g. approve short lists, sign solicitation documents) in instances where they have undertaken the procurement process.

For some procuring units and, in particular, small offices, it might not be possible to establish the required separation of the aforementioned functions. Any deviation must be properly documented on file and approved by the Director or Head of Support of such unit. In such cases, as a minimum, a segregation of the functions mentioned must be established by ensuring that even when functions are performed by the same individual, the individual is performing the tasks in the capacity of various functions.

Chapter resources	
UNOPS policies	EOD.ED.2017.02 - Organizational Principles and Governance Model OD 16 (rev.1) Procurement Framework OD 21 (rev. 6) – Individual Contractor Agreement Policy OD 43 – Policy for Partnerships with Non-UN and Non-State Entities OD9 – Internal Control for UNOPS offices OD27 – Internal Control and Risk Management Framework OD 34 (rev. 2) – Framework for Delegations of Authority AI/SPMPG/2013/0 I - Grant Support- Instructions AI/PM/2009/01 – Engagement Acceptance
Other useful resources	<i>Intranet site:</i> Procurement Group <i>Intranet site:</i> IPAS <i>Intranet site:</i> Headquarters Contracts and Property Committee <i>Intranet site:</i> Delegations of Authority <i>Intranet site:</i> Procurement Reviewers <i>Intranet site:</i> UNOPS Procurement training strategy 2016-2017



3

SUPPLIER REGISTRATION

3 Supplier registration and management

A supplier or vendor is an entity that potentially or actually provides goods or other products (including intellectual property), services and/or works to the organization. For the purpose of this manual, the terms supplier and vendor are considered equivalent and used interchangeably.

UNOPS maintains two vendor data-bases:

- United Nations Global Marketplace (UNGM, www.ungm.org) which includes vendors that are interested in doing business with UNOPS;
- UNOPS ERP system (oneUNOPS) which includes vendors that have been contracted by UNOPS in the past, i.e. that have issued a UNOPS purchase order or have been paid through a non-PO voucher.

In order to maximize economy and efficiency UNOPS shall continually strive to identify new technically and financially sound suppliers. In particular, UNOPS shall actively work to increase its sources of supply from developing countries and from countries with economies in transition.

In order to enhance the efficiency and transparency of UNOPS procurement actions, procurement officials may keep a roster of potential suppliers who could be invited to compete in future tenders. UNGM and local databases can be used to capture data on local and corporate suppliers. Ongoing efforts shall be made to broaden the supplier rosters by identifying new suppliers of goods, services or works of interest to UNOPS through, among other things, regular market research exercises (see [5.2 Market research](#)).

3.1 Supplier registration

Registration in UNGM

The UNGM is the procurement portal of the United Nations System. It brings together United Nations procurement staff and the supplier community. The UNGM acts as a single window through which potential vendors may register with the organizations of the United Nations system, including UNOPS.

All UNOPS personnel may register as UN users and have access to the UNGM database of potential vendors registered with United Nations Agencies. All UNOPS procurement officials must have an active UNGM registration and must use the UNGM to support all their procurement exercises.

The UNGM provides current data on companies including general company information, contact details, previous United Nations experience and performance, and the range of products and services registered by vendors. In addition, UNOPS users have access to a repository of UN system wide LTAs. The UNGM also allows users to search ineligibility lists drawn from the United Nations Ineligibility List (UNIL), the World Bank Corporate Procurement Listing of Non-Responsible Vendors and World Bank Listing of Ineligible Firms and Individuals and the Consolidated United Nations Security Council Sanctions List.

UNOPS contracts shall only be awarded to vendors that are registered with the United Nations Global Marketplace (UNGM), except for processes under advisory services projects where UNOPS does not sign the contract with the vendor. Furthermore, for procurement processes carried out through the UNOPS eSourcing system (see [6.10 E-tendering](#)), it is mandatory for vendors to register in UNGM to access the full tender details, request clarifications and submit an offer.

Vendors applying to be registered on the UNGM procurement portal must complete the process of self-registration in the portal, including a confirmation of their acknowledgement of the United Nations Supplier Code of Conduct.

The UNGM has implemented an assisted vendor registration functionality that allows UNOPS business units to add local suppliers to the UNGM. An additional functionality enables the bulk up-loading of existing rosters. For further information, training and instructions on how to use this functionality, please write to registry@ungm.org.

Registration in ERP System (OneUNOPS)

If the vendor is not yet at the oneUNOPS vendor database, they will be requested to complete a supplier form, including their banking details, in order to create them as vendors in the ERP system. All vendors are approved in oneUNOPS by the UNOPS Global Shared Service Centre (GSSC) based in Bangkok.

3.2 Supplier management

Before entering into a contract with a supplier, UNOPS must ensure that the supplier is eligible for the award of a UNOPS contract and has the capability and capacity to perform the contract satisfactorily. This is achieved by (a) ensuring that the vendor is eligible (see [3.3 Vendor ineligibility](#)); and (b) assessing the qualification, technical and financial criteria as part of the evaluation process, and which may include additional due diligence or background checks (see [8 Evaluation of submissions](#) for details).

To promote economical and efficient procurement, the performance of contractors must continually be evaluated throughout the contract management stage. Furthermore, after the vendor has executed a UNOPS contract performance evaluation is carried out. See section [13.2.7 Supplier performance evaluation](#) for more details.

3.3 Vendor ineligibility

It is in UNOPS interest to foster competition as much as possible in its procurement processes and therefore deems all vendors eligible⁶ to do be awarded a contract, unless such supplier is deemed ineligible under any of the following reasons:

- a) The vendor is from a nationality excluded under the project agreement to which the procurement process relates, as signed between UNOPS and its client/partner. A vendor shall be deemed to have the nationality of a country if the vendor is a citizen or is constituted, incorporated, or registered and operates in conformity with the provisions of the laws of that country;
- b) The vendor has a conflict of interest, as defined in section [1.5.3.2](#);
- c) The vendor is included in any of the following ineligibility lists:
 - i. United Nations Ineligibility List (UNIL) hosted by UNGM that aggregates information disclosed by UNOPS and other participating Agencies. This includes the UNOPS Ineligibility List, further to a debarment per the provisions in section [1.5.3.1](#);
 - ii. Consolidated United Nations Security Council Sanctions List, including the UN Security Council Resolution 1267/1989 list;
 - iii. World Bank Corporate Procurement Listing of Non-Responsible Vendors and World Bank Listing of Ineligible Firms and Individuals.
- d) The vendor is included in an ineligibility list of the client/partner, if such provision is included in the project agreement signed with UNOPS;
- e) The vendor is currently suspended from doing business with UNOPS and removed from its vendor database(s), for reasons other than engaging in proscribed practices subject to the OI on Vendor Sanctions, such as:
 - i. If the vendor has shown significant or persistent deficiencies in the performance of a prior UNOPS contract which led to early termination of the contract, application of damages or similar actions, as documented through a Supplier Performance Evaluation per the provisions of section [13.2.7](#);
 - ii. Genuine concern about the supplier's ability to satisfactorily perform contractual obligations, such as filing for bankruptcy, or the company is in or has recently been in receivership;
 - iii. Upon receipt of a notification by a Member State, or other authoritative source that a supplier has been charged with committing fraud or a criminal offence in that country;
 - iv. If a criminal conviction or civil judgment has been issued against a supplier indicating a lack of business integrity or business honesty;
 - v. If the vendor has undertaken any other action that is so serious or compelling in nature that it could result in harm to UNOPS reputation or image.

In the above cases, if the Director PG (after consultation with the General Counsel) determines that there is sufficient information to support any of the circumstances listed above, the Director PG may decide to suspend a vendor from doing business with UNOPS for a specific period of time, proportional to the circumstances. The vendor shall be notified, in writing, of the decision, including the imposed suspension and the procedures to seek rehabilitation, if applicable.

⁶ Eligibility is separate and distinct from 'qualified' and from 'compliant' in the context of the evaluation of an offer in response to a solicitation. See [8 Evaluation of submissions](#).

When a vendor is a consortium, all of its members must meet the eligibility requirements described herein.

Procurement practitioners, including but not limited to the procurement official managing the procurement process, must ensure that no entity falling into the above categories (i) is invited to apply for UNOPS business or (ii) is granted an award.

Chapter resources	
UNOPS policies	OI.PG.2017.02 - Vendor Sanctions
Guidelines	How to check ineligibility lists on UNGM
Other useful resources	UNGM UNOPS list of sanctioned vendors



4

PROCUREMENT STRATEGY, PLANNING AND REQUIREMENTS

4 Procurement strategy, planning and requirements definition

4.1 Procurement strategy

Developing a strategic approach to procurement is a key element for successful acquisition of goods, services and works and necessary for timely implementation of projects or operations. It requires an understanding of the nature of the requirements, the capacity of the contractors, the complexity of the operating environment, the risks involved and the available capacity UNOPS resources. This all takes professional judgement and these factors must be understood to enable an effective procurement process.

Procurement planning is the process of scheduling the procurement activities of the project, business unit and organization per identified procurement strategies. As such, procurement strategy development and procurement planning are closely linked.

4.2 Procurement planning

Procurement planning for an individual procurement activity includes setting up the timelines required to perform each step of the procurement process per the identified solicitation method, contract type and type of competition.

Advantages of procurement planning include:

- Better requirements definition, increasing the probability of receiving strong offers, thus, facilitating the evaluation process, leading to appropriate products fulfilling the needs of the client, and easier contract management;
- Improved sourcing, ensuring appropriately qualified suppliers and an adequate number of suppliers, leading to increasing competition, and potentially, stronger offers at lower prices;
- Less waste of resources on last minute actions;
- Early identification and management of risks;
- Reduction of delays and lead times due to the ability to perform in advance and proactively conduct a number of procurement tasks;
- Better planning and monitoring of procurement activities;
- Identification of periods of time in which a high percentage of procurement actions are required. This information can be useful in planning and distributing workload;
- Early consideration of logistics aspects and factors for the procurement of goods and equipment;
- Systematic inclusion of sustainability considerations into procurement activities, and prioritization of the most effective sustainability interventions.

In addition, when procurement planning is consolidated for more than one procurement activity (at the project, business unit and corporate levels), then other strategic initiatives can be put in place that can lead to the achievement of economies of scale and reductions in transaction costs, such as:

- Consolidating various procurement activities into a single tender;
- Establishing pre-qualified lists of suppliers, blanket purchase agreements (BPA), or long-term agreements (LTA);
- Undertaking joint procurement initiatives with other business units or United Nations organizations.

Procurement planning is a mandatory requirement for all UNOPS business units for procurement activities with a value exceeding US\$50,000, but also constitutes good practice concerning any procurement.

Procurement planning in UNOPS encompasses four levels of planning:

1. Project level: planning of procurement activities;
2. Business unit level;
3. HQ/Regional level;
4. Corporate level.

The four levels of procurement planning are closely linked. Planning of individual procurement activities at the project level generates information required for the business unit level, which in turn will generate information for the HQ/Regional level and the corporate level.

1) Project level: planning of procurement activities

Project level procurement planning must commence during the pre-engagement acceptance stage in order to include any specific requirements resulting from the procurement planning analysis in the project agreement with the partner (e.g. pre-selection of suppliers, special situations requiring deviations from the UNOPS standard procurement procedures, such as shorter solicitation periods or an application to use emergency procurement procedures, etc.).

Procurement planning at the individual procurement activity level is the process of assessing needs, determining the outcome of the procurement activity, and establishing the timeline and a strategy for the intended outcome, taking into account the requirements for minimum solicitation periods and the time needed to conduct the evaluation, review and award processes.

Planning of a procurement activity requires early consideration about the intended outcome and defining an approach for every step of the procurement process in order to achieve the required result in a timely and cost effective manner. Early planning of the procurement process helps ensure that each required step leads to the desired outcome. It will also allow sufficient time to follow each step of the process in accordance with this policy.

2) Business unit level

Business unit level refers to procurement planning done by UNOPS Operational Hubs (OH), Operations Centres (OC), Project Centres (PC), Clusters and HQ business units.

The respective OH/OC Director, PC Manager, Cluster Manager or Head of HQ business unit is responsible for analyzing the procurement needs of the projects under their unit and for presenting a procurement plan defining the procurement needs, suggesting the procurement methods, and stipulating the timing of the procurement in the unit.

Procurement plans at the business unit level should result in both project and administrative savings through the consolidation of needs from different projects. Specific strategies at this level may include the establishment of blanket purchase agreements (BPA) and local long-term agreements (LTA).

Business unit level procurement planning will generate information for the regional and HQ procurement plans.

3) HQ/Regional level

This level refers to the consolidation of procurement plans of the different HQ business units, and the OH/OC/PC/Clusters in a Region.

The respective HQ Directors and Regional Directors are responsible for providing the requested information in respect of their business units. Specific strategies at this level may include the establishment of regional LTAs.

The result of the HQ/regional procurement planning will generate the information required for the corporate procurement plan.

4) Corporate level

The UNOPS corporate procurement plan is an overall projection of an organization's future procurement needs for a defined period.

In an effort to strengthen UNOPS overall procurement capacity and achieve UNOPS objectives of providing effective operational management services, UNOPS operates with annual or shorter, i.e. six-month procurement plans.

Through corporate procurement planning, special attention can be focused on the specific support each business unit will need from corporate services, thus enabling the introduction of innovative procurement support services that would otherwise be virtually impossible if only given a short lead time to respond.

PG is responsible for the corporate procurement planning process and will issue appropriate instructions to the business units. Further, PG will initiate and facilitate corporate procurement planning by establishing a procurement planning template to be completed and submitted by the business units. The requested information shall be collected from the regional offices and their business units at HQ.

The procurement plan is always based on estimates of procurement activities to be carried out in the next six to twelve months. Some procurement needs cannot be anticipated and plans may sometimes not be entirely accurate. Business units are, nonetheless, expected to provide a best estimate based on available information at the time of reporting. The Director, PG shall be responsible for compiling the UNOPS annual or semi-annual procurement plan, analysing the provided data, and taking appropriate action. Specific strategies at the corporate level may include:

- Establishment of global long-term agreements and electronic catalogues for UN Web Buy Plus;

- Identification of specific approaches for selected procurement categories such as: health/medical, infrastructure, technical goods and services;
- Identification of procurement training needs and strategies.

Procurement planning is a continuous practice and hence the plans should be continuously updated and, if there are major changes, PG needs to be informed.

In order to alert the vendor community of forthcoming procurement requirements and to uphold the basic procurement principles, the UNOPS corporate procurement plan shall be uploaded to the UNOPS website.

4.3 Requirements definition

Requirements definition is a systematic approach aimed at defining the procurement requirements based on the requisition (see [4.4 Requisitions](#)) and stating them in the product specification.

It is the first step in the implementation of a procurement activity, and is an integrated step in its planning. However, requirements definition is often done in parallel with sourcing and market research in order to allow such information to influence the requirement definition. Requirements definition and market research are also known as pre-solicitation activities.

The requisitioner is responsible for defining the requirements; however, the procurement official responsible for the process shall evaluate the requirements and identify any issues that seem inappropriate from a procurement viewpoint, e.g. branding without justification, over specification, unrealistic delivery dates, and restricted competition. The procurement official responsible for the process and the requisitioner shall jointly finalize the requirements definition. Where necessary, the procurement official shall advise the requisitioner of more sustainable solutions to meet the stated need. Such solutions may include reducing the amount of procured goods or services, re-thinking the solution in favour of more sustainable alternatives or redesigning certain environmental and social aspects. A more sustainable procurement solution can translate into more or less stringent requirements for the supplier to be included in different stages of the procurement process, depending on the market maturity and on the strategic priorities of the procuring entity (see [15.2 Sustainable procurement](#)).

4.3.1 The purpose of requirements definition

The general purpose of all requirements definition is to identify the precise needs of the requisitioner and to determine the best solution to meet those needs. The needs must be described in a way that will facilitate the procurement process. To that end, all requirements that are determining factors in the evaluation of offers must be clearly stated in the solicitation documents.

Capturing sustainability requirements at this early stage is the most effective way of guaranteeing that sustainability is factored into the purchasing decision.

UNOPS is firmly committed to sustainability and procurement officials are expected to assist the internal or external client in identifying the most sustainable solution fulfilling the stated needs using their knowledge of the market and the procurement process. To maximize the sustainability outcome, the discussion about sustainability requirements should be conducted early in the process to improve the chances of obtaining a more sustainable result.

The clear definition of requirements is crucial in every procurement activity. First, the requirements definition forms the basis for the solicitation, and sets the goals of the procurement action. It also informs the potential suppliers of the requirements the offered product must have in order to fulfil the needs of UNOPS.

Second, a clear requirements definition helps remove ambiguities from the evaluation process, and thus serves as the starting point when determining which offer provides the best overall solution to UNOPS. Technical, financial, commercial, legal, corporate, social and environmental factors must be stated in the solicitation documents and no parameters other than those initially specified therein may be considered during the evaluation.

Finally, the requirements definition forms a critical part of any contract with the vendor, clearly stating what is expected and when it will be delivered.

From solicitation, through evaluation and award of contract, to completion of the activity and evaluation of suppliers, the definition of requirements has a lasting and substantial effect throughout the entire procurement process.

4.3.2 Characteristics of well-defined requirements

In order to define requirements, there must be an analysis of the product, i.e. goods, services or works, that is being procured and of its purpose, performance requirements, characteristics, objectives, and/or expected output, depending on the nature of the product. Information on the products available in the market must be gathered.

All requirements definitions must specify the exact needs without over-specification. Over-specification may increase prices and/or decrease the number of offers as it leads to offers for more advanced products than those needed. The converse is true of under-specification and therefore it is essential for the cost-effective use of funds that the requirements define the exact needs.

Environmental and social responsibility aspects (e.g. environmentally friendly production methods) that should be considered in the evaluation must be included in the requirements definition.

Requirements must be generic and defined with the aim of engendering competition; no specific brands, unless for standardization purposes, or other unnecessary restrictions can be requested. However, if brand names are used to define functional, performance and/or conformance requirements they must only be used to define the required product standard. Further, brand names must never be used without also specifying the minimum requirements considered essential. Finally, the specification must clearly invite offers of equivalent products, i.e. products meeting similar functional, performance and/or technical standards. In the event that the requirement specifies a particular brand for the purpose of standardization, the rationale for this requirement shall be briefly stated in the solicitation document in order to avoid negative perception in the vendor community of any bias on the part of UNOPS.

Where possible, requirements should include key performance indicators (KPIs) to be monitored during contract management stage (see [13 Contract management](#)). KPIs and service level agreements (SLAs) are essential tools to express and measure performance against agreed targets and these are particularly recommended for complex contracts of goods and services, including long-term agreements (see [11.4 Long-term agreement \(LTA\)](#)). These have to be identified at requirements definition stage, to be incorporated in the solicitation documents, then into the contract, and hence enable monitoring the KPIs at contract management stage.

Example KPIs for goods and services include:

- a) Delivery/performance
 - i. Delivery of goods/services on time;
 - ii. Delivery of goods/services in full.
- b) Quality
 - iii. Quality of goods/services delivered (in accordance with specifications/TOR);
 - iv. Handling of complaints;
 - v. Technical competence;
 - vi. Adherence to warranty provisions.
- c) Communication
 - vii. Responsiveness of supplier (requests, complaints etc.);
 - viii. Appropriate handling and timely submission of documents (reports, invoices, shipping documents etc.).
- d) Sustainability
 - ix. Innovation;
 - x. Cost saving initiative;
 - xi. Environmental considerations;
 - xii. Labour considerations.

Best practices in setting up KPIs:

- a) Determine KPIs together with the requesting unit(s) during requirements definition stage;
- b) Ensure KPIs are SMART (Specific, Measurable, Achievable, Relevant, Time phased);
- c) When issuing the contract, ensure inclusion of KPI targets in a service level agreement (SLA) as a separate Annex to the contract.

4.3.3 Requirements definition for goods and services

The requirements for goods or services are specified in either:

- a) Technical specifications;

- b) Terms of reference (TOR);
- c) Statement of work (SOW).

The following describes the various types of documents defining the requirements for goods or services in more detail.

4.3.3.1 Technical specifications

Technical specifications are mainly used for the procurement of goods, but may also apply to straightforward, quantifiable services. Specifications are the description of the technical requirements for a material or product. They usually refer to defined requirements for materials or products, but in some instances can also relate to requirements for services. Specifications give a description of what the organization wants to buy and what the supplier is required to provide. Specifications can be simple or complex depending on the need.

The specification forms part of the invitation to bid, request for proposal, or request for quotation.

Three types of defining needs (or a combination of the three) can be included in the specification:

- I. Functional specifications, defining what the goods/services are required to do;
- II. Performance specifications, defining the output of the goods/services;
- III. Conformance specifications, defining the physical characteristics and dimensions of the goods.

4.3.3.2 Terms of reference (TOR)

A TOR is a description of the scope of work for services generally indicating the work to be performed, the level of quality and effort, the timeline and the deliverables. TOR are mostly used to define the performance requirements for expert and advisory services which are not easily quantified, e.g. where a solution to a requirement is offered, but may also be used to define a complex requirement for goods or combination of goods and services.

The TOR is often the supplier's first and main introduction to the assignment. A clear TOR without any contradictions will force the supplier to prepare a clear and detailed proposal. This should lead to successfully implemented projects and limit the risk of dispute or claims. The TOR should plainly state the desired level of sustainability that the procurement entity wishes to implement.

The TOR typically includes the following information:

- i. Background for requesting the service;
- ii. Objective of the service and overall impact;
- iii. Expected and clearly defined output from the service;
- iv. Social and environmental requirements;
- v. Activities required to reach this output;
- vi. Inputs required to perform activities;
- vii. Deliverables;
- viii. Timelines.

4.3.3.3 Statement of work (SOW)

The SOW is a requirement specification for work assignments outlining the specific services and/or goods a contractor is expected to perform, generally indicating the type, level and quality of service, as well as the time schedule. The SOW cannot be used for the requirements definition for infrastructure and works requirements.

The SOW usually includes detailed requirements and pricing requirements. For example, a SOW is a good tool for hardware or software solutions where services can be quantified and broken down item by item.

4.3.4 Requirements definition for works

For works, the requirements definition is of critical importance to ensure that the procurement process and the works are delivered with appropriate standards of quality, and other requirements such as cost, time, health and safety, environmental and social.

The requirements are to be defined in the schedules of the tender documents specifically enveloped by UNOPS the procurement of works. This includes the contract that UNOPS proposes bidders to enter into if selected and which must be carefully selected and prepared for each tender (see below). Once bidders have completed the required information specified in the tender documents and the tender process is completed, the information contained in these schedules will become part of the signed contract between UNOPS and the selected bidder. Guidance notes are included in the returnable schedules instructing bidders on what information they must submit with their bid. These instructions must be

amended for each project to ensure the requested information is consistent with the technical and commercial requirements of the project.

Particular attention must also be given to the following technical documents (which are described in detail in the following sections):

- a) TOR for design, supervision and other technical consultancy services for works;
- b) Design documents;
- c) Employer's Requirements for Design and Build Construction Contracts.

All infrastructure projects delivered by UNOPS should have a special focus on national capacity building and sustainability, to contribute to the ability of countries to design, construct and maintain infrastructure, and to integrate and balance social, environmental and economic considerations in line with UNOPS mandate, vision and high-level goals. For that reason, there are specific requirements considered by UNOPS in order to provide a design with the Certificate of Design Review Compliance prior to the procurement process, and which provide UNOPS infrastructure works with added value for our clients and partners. For instance, the Design Planning Manual for Buildings includes the following areas:

- Site (impact, surveys, access, etc.);
- Elements material selection;
- Structure;
- Fire safety;
- Access and egress (disability considerations);
- Health and amenity;
- Services and equipment;
- Security;
- Green technology;
- Climate change and disaster risk reduction.

4.3.4.1 TOR for design and other technical consultancy services for works

Design, supervision and other technical consultancy services for works are very specialized and must follow standards established by IMPG. Compliance with such standards must be included as a mandatory requirement whenever procuring design and other technical consultancy services for works.

For example, when procuring design services for the construction of a building, potential designers to be recruited by UNOPS must be informed that the design will have to comply with UNOPS Design Planning Manual for Buildings and such manual must be provided to potential designers as part of the tender documents.

Note that when procuring design services, the provision of such services must not be considered completed with provision of the design and the commencement of construction phase. Because of possible variations that may affect the design during the construction phase, the design services must remain available through such phase. This must be reflected in the contract between UNOPS and selected designer.

4.3.4.2 Design documents for works

When procuring for works, the design documents provide the necessary background and detailed information for such works. They describe the scope of works and include all requirements and information needed to carry out the works, e.g. technical requirements, drawings and bills of quantities.

To ensure that the necessary standards for design of UNOPS projects are followed, it is mandatory that prior to commencing the tender process, all infrastructure designs and technical specifications have been reviewed and assessed for design risks according to UNOPS applicable design planning manual⁷ and that the IPMG has issued a Certificate of Design Review Compliance in accordance with AI.IPMG.2016.01. This certificate, signed and dated, shall be provided to the procurement officials together with the design documentation of the infrastructure works by the project manager responsible for the project in order to initiate the procurement process.

⁷As of the date of this procurement manual, IPMG has released a Design Planning Manual for Buildings and a Design Planning Manual for Transport Infrastructure.

4.3.4.3 Employer's Requirements for Design and Build Construction Contracts

In the case of Design and Build Construction Contracts, the design for the works does not yet exist and it is the objective of the procurement process to provide both the design and construction of the works. The contractor is therefore expected to provide the design of the works and later carry out the works construction.

It is critical in this case to have a well-prepared set of Employer's Requirements before proceeding to tender. Preparation of Employer's Requirements is a skilled task, is very different from a standard specification, and should not be underestimated. In the same way as for the procurement of design services, compliance with UNOPS applicable design planning manual must be indicated in the tender documents and a copy of the manual must be provided to bidders. The Employer's Requirements should also be subject to a review process before going out to tender for design and build services.

Due to the complexity of the design and build approach, it is mandatory to obtain a prior approval from IPMG before deciding to procure design and build services.

4.4 Requisitions

A requisition is a written or computerized request from an internal user/customer for the fulfilment or procurement of goods, services or works. It is mandatory to initiate all procurement activities with a value equal or above US\$2,500 through an approved requisition in UNOPS ERP system (oneUNOPS) except for: (a) procurement activities done under advisory services projects where UNOPS is responsible for the tender process but does not sign contracts with suppliers; (b) procurement activities to establish new long-term agreements (LTAs) or blanket purchase agreements (BPAs), unless carried out in the eSourcing system. Any other waiver not to use oneUNOPS requisitions must be approved by the Director, PG.

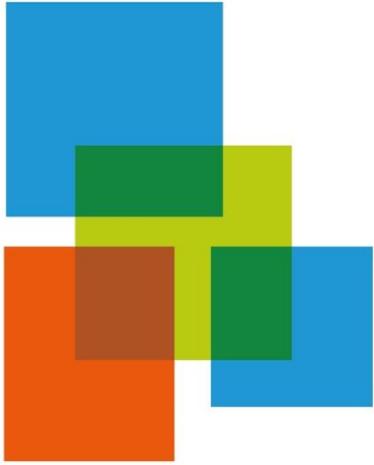
A requisition must at a minimum include:

- a) A detailed description of the goods works or services being sought;
- b) UNSPSC category code (selection of the code is critical to ensure data quality and reporting);
- c) Confirmation of funds availability for the requested purchase, as well as justification of the purchase with reference to the project agreement with the client (or administrative budget, in the case of internal UNOPS procurement);
- d) In the case of a requisition in respect of construction works, it should include a contingency sum as per instructions in section [10.1](#);
- e) Quantity to be procured;
- f) Required delivery date or start-up/completion date;
- g) Delivery location or location of works/services to be performed;
- h) Estimated price;
- i) Any additional information (e.g. standardization, preferred method of shipment).

4.5 Standardization

Standardization is acceptable when identical goods, equipment, technology or works have recently been purchased from a supplier or contractor, and it is determined that either a quantity of additional supplies must be procured, or compatibility with existing goods, equipment, technology or works is required. Such cases must be justified further to the provisions in section [6.8.1 Exceptions](#).

Chapter resources	
UNOPS policies	AI.IPMG.2014.01 – Compliance with UNOPS Design Planning Manuals
Guidelines	Preparation of TOR Specifications for goods Second-hand/reconditioned equipment KPI examples
Templates	Procurement plan template
Other useful resources	UNOPS Procurement plans <i>Intranet site:</i> oneUNOPS learning and support <i>Intranet site:</i> IPMG Design and review <i>Intranet site:</i> UNOPS LTAs <i>Intranet site:</i> Design Manual for buildings <i>Intranet site:</i> Design Review checklist <i>Intranet site:</i> Design planning manual for transport infrastructure <i>Intranet site:</i> Technical guidance for prison planning



5

SOURCING

5 Sourcing

5.1 Sourcing of vendors

Sourcing is the process of identifying suitable suppliers that could provide required goods, services or works for UNOPS. The sourcing process also provides valuable information about products and specifications and is used to determine the appropriate solicitation method and type of competition (see [6 Solicitation methods](#)).

The sourcing process is crucial from a sustainability point of view as it helps to identify vendors that:

- i. Will be better positioned to deliver the sustainability aspect of the procurement process;
- ii. Are better managing the sustainability impacts in their own supply chain.

Sourcing is carried out by two main methodologies, described in the below sections:

- a) Market research, including through internal and external sources;
- b) Advertisement of business opportunities, through either open competition solicitation, or through sourcing methods (RFI, EOI, pre-qualification).

5.2 Market research

Market research is the process of collecting and analyzing information about industry sector capabilities and overall market supply. It helps to identify goods, services, works and suppliers; assists in the development of technical specifications, TORs, SOWs, design documents, Employer's Requirements for design and build and TORs for consultant services for works; and allows the collection of product and pricing information on available technology. Market research is an essential exercise in the quest to satisfy the organization's needs, and is the first step in any successful sourcing process, particularly if the good, service or work has not been procured previously.

Market research can be done through external and/or internal sources. Market research should not rely solely on any one of the these sources; several sources must be used in conjunction before deciding on the method of solicitation and type of competition. The outcome of the market research, i.e. a list of suitable suppliers identified, must be documented in the procurement case file.

5.2.1 External sources

The following external sources are valuable sources of information in the search for potential suppliers:

- United Nations Global Marketplace (UNGM) www.ungm.org;
- Internet references such as Kompass (available through www.ungm.org), regional trade directories and country and product specific directories;
- Other UN organizations/lead agencies specialized in the procurement of goods or services within a particular field (e.g. UNHCR for refugee supplies, UNICEF for vaccines, UNFPA for contraceptives, WHO for pharmaceuticals and medical equipment);
- Commercial/specialized journals and magazines such as The Lancet, etc.;
- Chambers of commerce, United Nations missions, trade delegations, embassies;
- Beneficiary governments, end users, clients, funding sources;
- Business seminars, supplier catalogues, professional journals, trade publications.

As part of our market research, the following sources should be consulted to identify suppliers that place a high value on sustainability:

- The Global Compact participants list;
- The country and regional Global Compact networks;
- Local technical bodies such as the National Cleaner Production Centres;
- Local corporate social responsibility networks;
- Public lists of producers of social and environmentally labelled products;
- Public lists of suppliers certified according to social and environmental standards.

Furthermore, care should be taken to ensure that small- and medium-sized enterprises (SMEs), not-for-profit and/or minority-owned businesses are included in the market research, as these are often well positioned to reach the most vulnerable sectors of the population. Due consideration should be given to communication channels in local language(s) to reach this specific audience. Procurement officials should assess the level of maturity of their supplier base in terms of

their capability to deliver sustainable procurement. The market research should include, but not be limited to, availability of sustainable products, their cost, their practical implications and the supplier's sustainability practices. It is important to periodically reassess the market for sustainable products and services since those products and services are rapidly evolving in certain geographical areas and industries.

5.2.2 Internal sources

The following internal sources can also be a good starting point in the search for potential suppliers:

- Existing UNOPS long-term agreements (LTA), electronic catalogues in UN Web Buy Plus, blanket purchase agreements (BPA) and pre-qualified lists of suppliers;
- Established rosters (e.g. local rosters, product specific rosters, etc.);
- Suppliers who had prior contracts with UNOPS;
- Previous short lists within the same field;
- Consultation with colleagues;
- Communities of Practice (COP) and other mailing lists.

5.3 Advertisement of business opportunities

Advertisement of business opportunities can be done as per the below methods:

- a) Advertisement for open competitive bidding of an RFQ, ITB or RFP;
- b) Request for information (RFI) – see [5.4 Request for information](#);
- c) Request for Expression of Interest (EOI) – see [5.5 Request for expression of interest \(EOI\)](#);
- d) Pre-qualification of vendors – see [5.6 Pre-qualification of vendors](#).

Business opportunities must be advertised on UNGM. They should also be advertised on any website/media specified as mandatory in the project agreement (e.g. DgMarket). In addition, it should be advertised or distributed in a manner that, according to the nature and circumstances of the required product, would lead to the most beneficial responses, i.e. announcement on local radio, advertisement on websites of other organizations or clients, in local newspapers or specialized journals.

When using advertisement for open competition bidding (as opposed to limited competition, see [6.2.2 Limited international competition and limited national/regional competition](#)), there will be no short list selection; all eligible suppliers wishing to submit bids and participate in the competition are invited to do so. Advertisement for open competitive bidding may result in:

- a) More extensive evaluation processes due to a large number of received offers; the benefits of a broader competition often outweigh the additional burden of an increased number of offer reviews;
- b) Lower response rate if the advertisement is posted in media not well known to the supplier community. In such cases it is required that all known potential suppliers are notified of the advertisement's existence. When doing so, all potential bidders must be notified at the same time and information regarding the notification (how the notified suppliers were identified, when and how suppliers were notified, etc.) must be kept in the case file.

5.4 Request for information

The request for information (RFI) is an instrument to conduct a market survey in order to obtain information that can be used to identify available or potential solutions to fulfil identified needs. RFIs may include information on cost and delivery time.

The information received in response to an RFI is not for the purpose of qualification of vendors. Primarily, it helps identify generic descriptions of available or potential alternatives for fulfilling a defined requirement or outcome, as well as the cost and delivery time of such alternatives. The RFI is more oriented toward seeking a technical alternative, option or solution, costing range and other terms and conditions than seeking a direct response in the form of an offer from the market or industry.

An RFI is an effective and efficient tool to help UNOPS identify a possible solution for a specific requirement. However, additional time is needed to conduct the process, as suppliers must have a sufficient period to respond to the RFI. RFIs are not considered by suppliers as a necessary pre-requisite to a competitive process and are costly to respond to; therefore, RFIs should not be used as a method for pre-qualifying or short-listing suppliers.

The RFI shall be advertised on the UNOPS website, UNGM and in any other media considered appropriate by the PA. In addition, it shall be advertised or distributed in a manner that, depending on the nature and complexity of the required product, would lead to the most beneficial responses, e.g. announcement on local radio, advertisement on websites of other organizations or clients, in local newspapers or specialized magazines.

5.5 Request for expression of interest (EOI)

A request for EOI is an advertisement to identify suppliers that wish to participate in a solicitation. Suppliers are requested to express interest before a specified deadline by submitting detailed information demonstrating experience and qualifications in provision of the relevant goods/services/works. The information provided by interested suppliers is assessed and suppliers are considered for inclusion on the short list of companies that are invited to submit detailed offers/proposals.

A request for EOI is a cost-effective method to identify suitable suppliers. However, it requires allocation of additional time, as suppliers must have a sufficient interval to respond to the call for EOI. Depending on the complexity and nature of the goods/ services/works being procured, a recommended minimum of ten days should be granted for responses. When shorter deadlines are specified, the reasons must be properly explained and documented in the case file.

An EOI should be used when there is an over-supply of potential bidders; it allows for the review of suppliers' qualifications in order to make sure the most qualified are invited to bid. An EOI is typical for a consulting assignment and/or assignments where technical expertise is critical.

The request for EOI shall be advertised on UNGM and in any other media required by the funding source and specified in the project agreement with the client. In addition, it shall be advertised or distributed in a manner that, depending on the nature and complexity of the required product, would lead to the most beneficial responses, e.g. announcement on local radio, advertisement on websites of other organizations or clients, in local newspapers or specialized magazines.

Evaluation of EOIs must be performed by an evaluation team formed by at least a procurement official and a chairperson, as further defined in section [8.2 Evaluation team](#).

5.6 Pre-qualification of vendors

Pre-qualification is a formal method of assessing suppliers against pre-determined criteria and only suppliers who meet established criteria are invited to tender.

The process guarantees that solicitation documents are extended only to suppliers with adequate capabilities and resources. Adequate time must be allowed for potential suppliers to prepare responsive applications. The period between the Invitation for pre-qualification and the deadline for submission of a response to the Invitation for pre-qualification shall be no less than ten working days unless a written justification has been provided by the PA for shorter periods and has been included in the procurement file. Invitations for pre-qualification must be advertised on UNGM and any other relevant media.

Pre-qualification is a formal process where supplier appraisal is done prior to issuing the solicitation documents. If pre-qualification is done for a specific procurement activity, all suppliers submitting applications and meeting the pre-qualification criteria shall be invited to tender. Pre-qualification does not preordain a contract.

Pre-qualification is recommended when:

- a) Complex or specialized goods or services (e.g. mine clearance services or equipment) are being procured;
- b) A particular type of good or service is procured on a regular basis and for which establishment of LTAs would not be an appropriate procurement strategy (e.g. not resulting in competitive prices);
- c) A high degree of risk is involved in the procurement (e.g. security and safety equipment and services);
- d) The high costs of preparing detailed bids could discourage competition (such as custom-designed equipment, design and build projects or specialised services);
- e) The goods or services are critical project inputs (i.e. late delivery or the delivery of a wrong product or service would have costly implications);
- f) The requirement is for construction works with complex technical components for which the supplier needs to have minimum technical capability and capacity to complete the works to the required quality standard.

Pre-qualification may be useful in reducing the risk of contract failure and is therefore advisable for the procurement of complex works. The time required for pre-qualification of contractors should be balanced against lessened risk and the reduced time needed for tender evaluation at later stages in the procurement process. In cases where there are several qualified and eligible suppliers, pre-qualification may also reduce procurement costs.

Evaluation of invitation for pre-qualification processes must be performed by an evaluation team formed by at least a procurement official and a chairperson, as further defined in section [8.2 Evaluation team](#).

A pre-qualification is valid for a maximum of two years. Once this period has elapsed, the PA must confirm that the criteria used for the initial pre-qualification still apply.

For health procurement, please consult Annex A: Quality Assurance Manual which reflects the commitment of UNOPS to operating a robust quality system for the procurement of pharmaceuticals and medical devices. The manual includes UNOPS policy in all matters affecting or affected by such a quality system, including managerial responsibilities thereof. In the manual, UNOPS commits to identifying and supporting the processes needed for the quality management system and their application to health procurement throughout the organization, in accordance with recognized international best practices, especially as are recommended by norms and standards defined by WHO and published in the Technical Report Series and on the monographs of the WHO International Pharmacopoeia, and Global Harmonization Task Force (GHTF) for medical devices.

5.7 Creation of short lists of suppliers

5.7.1 Supplier selection for short list

When market research has been undertaken, it may result in an unduly long list of potential suppliers. As previously elaborated, there can be reasons why it makes sense to invite only a limited number of suppliers (those on the short list) to submit offers. The objective of establishing a short list of invited suppliers is to safeguard cost effective competition between qualified suppliers. The following principles shall be used for short list selection:

- a) Entities included in the short list shall, to the extent possible, represent a fair share of potential markets and equitable geographic distribution. Due consideration is to be given to the inclusion of suppliers from developing countries and new emerging markets;
- b) For repetitive requirements, the short list shall be updated regularly, e.g. every six months, to consider potential new suppliers in the market;
- c) If a pre-qualification process has been undertaken for a specific procurement activity, all suppliers meeting the pre-qualification criteria shall be short-listed;
- d) If an EOI or an RFI has been undertaken for a specific procurement activity, UNOPS is under no obligation to invite all companies having expressed interest through a request for EOI or having replied to an RFI. Similarly, there is no obligation for UNOPS to limit the short list to companies that expressed interest or replied to an RFI. Where additional companies are added, the evaluation team should assess the same information for each supplier as was requested in the EOI or RFI;
- e) If there is only a limited number of suppliers in the market (oligopoly market conditions) and the procurement official has not been able to identify the minimum required number of short list invitees despite adequate market research, this must be clearly documented and explained to the PA when requesting approval of the short list and, eventually, when requesting approval of contract award. When no such condition exists, short lists must include the minimum required number of invitees otherwise the resulting award will be considered as an exception to the use of formal methods of solicitation (see [6.8 Exceptions to competitive tendering or formal methods of solicitation](#));
- f) Save where the condition in the previous paragraph has been met, (i) for procurement activities with estimated value of US\$50,000 or more but less than US\$250,000, a minimum of three entities must be short-listed; and (ii) for procurement activities with estimated value US\$250,000 or more, a minimum of six entities must be short-listed. However, more than these minimum numbers of entities must be short-listed if required to achieve competition;
- g) If suppliers must meet specific requirements for the procurement activity in question (e.g. specific product requirements such as ISO certification/ quality standards, representation of supplier in the recipient country and/or client specific requirements as per the project agreement with the client) only suppliers that meet these requirements shall be selected for the short list. Requirements may include the suppliers' social and environmental performance according to international standards (e.g. ISO 14001, SA8000, OHSAS 18001 or equivalent systems), or other sustainability performance requirements (e.g. availability of corporate take-back schemes in the recipient country). For procurement actions relating to pharmaceuticals and medical devices, refer to eligibility requirements set out in Annex A;
- h) As a general rule, the supplier's technical and financial capacity should be proportionate to and/or appropriate vis-à-vis the estimated size, scope and value of the contract;

- i) The capacity of the suppliers must be taken into account. Particularly, if multiple tenders are undertaken simultaneously or a possibility exists of awarding multiple contracts to the same suppliers within the timeframe required for execution of the contracts. This is particularly critical for effective delivery of infrastructure works. Cash flow and resource management issues by the contractor can have severe impact on both the quality and timeliness of infrastructure works. As such specific capacity and technical criteria could be assessed;
- j) Suppliers that are ineligible must not be short-listed (refer to section [3.3 Vendor ineligibility](#)).

5.7.2 Approval of short list

The short list template must be completed for all suppliers who will be invited to tender. If applicable, a proper justification, duly signed by the appropriate PA, must be provided to explain the reasons for not obtaining the minimum number of short-listed suppliers. The solicitation document can be issued only after this justification has been provided.

If the project agreement requires a no-objection to the short list from the partner, the end user or the funding source, this must also be obtained prior to issuance of the solicitation documents.

The short list must be duly completed and pre-cleared by a procurement reviewer before the PA approves it. The source of supplier identification must be indicated.

Chapter resources	
Guidelines	Pre-qualification Vendor sourcing
Templates	Notice for open tender (ITB/RFP) Request for Information (RFI) Request for expression of interest (EOI) Notice for pre-qualification Short list
Other useful resources	UNGM UN Web Buy Plus <i>Intranet site:</i> UNOPS LTAs <i>Intranet site:</i> Advertisement of business opportunities <i>Intranet site:</i> Communities of Practice (COP)



6

SOLICITATION

6 Solicitation

6.1 Overview

After requirements have been clearly and completely defined (see [4.2 Requirements definition](#)) and sourcing has been undertaken (see [5 Sourcing](#)), the next step in the procurement process is the solicitation process. This is done either through formal methods of solicitation or exceptions to formal methods of solicitation, both of which result in the actual solicitation of offer/s.

Solicitation is the generic term for a request to suppliers to offer a bid, quotation or proposal. The method used to communicate a procurement requirement and request an offer from potential vendors is referred to as the solicitation process and may be in the form of shopping; request for quotation (RFQ); invitation to bid (ITB); or request for proposal (RFP).

The selection of the appropriate solicitation method must be based on the expected procurement value, the nature of the requirement or a combination of both, and if the Executive Chief Procurement Officer (ECPO) has authorized use of emergency procurement procedures (EPP) (see [15.4 Emergency Procurement Procedures](#)).

Further to the market and vendor information identified in the sourcing process, procurement officials should consider the following steps:

- a) First, consider whether the requirements could be met appropriately (i.e in a manner that is economic, efficient and that achieves best value for money) through the use of an existing long- term agreement (LTA), including UN Web Buy Plus, redeployment of assets, or supply ex-stock from UNOPS sources;
- b) If the requirements cannot be met appropriately per point (a) above, a solicitation process must be carried out, through the appropriate type of competition (see [6.2 Types of competition](#)) and solicitation method (section 6.3).

As per FRR rule 118.03, unless exceptions to the use of formal methods of solicitation are justified, procurement contracts shall be awarded on the basis of effective competition, which include:

- a) Acquisition planning for developing an overall procurement strategy and methodology;
- b) Market research for identifying potential contractors;
- c) Competition on as wide a geographic basis as is practicable and suited to market circumstances; and
- d) Consideration of prudent commercial practices.

6.2 Types of competition

In addition to selecting an appropriate solicitation method (see [6.3 Solicitation methods](#)), selecting the type of competition for a procurement activity is an important step in guaranteeing that UNOPS obtains best value for money. Various types of competition may be used, depending on the value of the procurement, market conditions and other factors.

6.2.1 Open international competition and open national/regional competition

At UNOPS, open international or national/regional competition is the default method of competition. The purpose of open international or national/regional competition is to provide all potential suppliers with adequate and timely notification of UNOPS requirements and equal access and fair opportunity to compete for contracts for required goods, services or works.

National/regional tenders are typically conducted in the following cases:

- a) When works are scattered geographically or spread over time, and the works would likely not be of interest to international companies;
- b) Where from a total cost perspective it is beneficial to obtain the goods, services or works locally;
- c) When services are related to the national context (e.g. advertising services in national newspapers, local licences required to operate, etc.);
- d) If knowledge of the national/regional system is a requirement;
- e) If national/regional sourcing provides demonstrable benefits in terms of reduced environmental impacts, increased national ownership or other reasons, and/or if so specified in the project agreement;
- f) If required by the client and specified in the respective project agreement;

- g) Where goods sourced locally have a positive sustainability impact, e.g. eliminating transportation costs;
- h) Other reasons acceptable to the PA approving the solicitation document.

In any event, it is essential to ensure competitiveness of the solicitation process; national/regional competition must only be used if there are enough suppliers of the goods/services/works in the area to maintain healthy competition. Further, the risk of cartels forming (i.e. suppliers uniting for common profit and defeating the purpose of competition) must be monitored.

Open international or national/regional competition is the most transparent method of conducting a formal solicitation process. Business units must opt for open rather than limited competition (see [6.2.2 Limited international competition and limited national/regional competition](#)) unless a valid reason exists for limited tendering.

For further information on advertisement of business opportunities, please refer to [5.3 Advertisement of business opportunities](#).

6.2.2 Limited international competition and limited national/regional competition

In the event of a valid reason for not holding an open competition, a limited competition may be held. By definition, limited competition allows only selected vendors to participate in a solicitation.

Limited international and national/regional competition is restricted to a short list of suppliers selected in a non-discriminatory manner from rosters, pre-qualifications, expressions of interest, market research, etc. Before issuing a solicitation based on limited competition, procurement officials must obtain prior written permission from the PA. PA approval must be given at the time of short list approval (by filling the corresponding field in the short list template). In all other cases, the solicitation document must be publicly advertised.

Valid reasons for limited international and national/regional competition are:

- The contract value is relatively low, i.e. less than US\$50,000;
- The project agreement requires the use of limited competition tenders, including when done to support the principles of national capacity and sustainability based on certain business characteristics (i.e. local small or medium business as defined by the local or regional context, or local minority or traditionally-disadvantaged business) as per provisions in section [15.2.2 Labelling and shipping marks](#);
- An open tender will have negative security implications;
- The subject/matter of the tender is otherwise sensitive and cannot be advertised;
- A short list of vendors to be invited to bid has been created further to an EOI or a pre-qualification process (further to the provisions in sections [5.5 Request for expression of interest \(EOI\)](#) and [5.6 Pre-qualification of vendors](#)) and this has been identified as the most suitable procurement strategy;
- Other reasons acceptable to the PA approving the solicitation document.

UNOPS shall foster the development of local markets: provided that an open international or national/regional competition cannot be held in accordance with [6.2.1 Open international competition and open national/regional competition](#), or if procurement requirements can be satisfactorily met within a local context or are unlikely to be met outside the local context (e.g. provision of advertising services in national newspapers, etc.), then a limited national/regional formal solicitation may be undertaken. Well-qualified international suppliers expressing interest in a national/ regional tender shall not be automatically excluded from participating in the tender on the same terms as national/regional suppliers.

Where limited competition is applied, business units must continue to endeavour to ensure that a sufficient number of prospective vendors are invited, and that at least three (3) offers are received and evaluated, in order to establish value-for-money. When fewer than three offers have been received for procurements using limited competition, the request for award must include documentation as requested under section [9.1 Organization of procurement review](#).

6.2.3 Sole sourcing or direct contracting

Sole sourcing, also known as direct contracting, is when there is no competitive marketplace for a requirement, i.e. the product or service needed is available only from one source. In such instances, UNOPS may solicit an offer from the sole identified supplier for a particular procurement action.

Please refer to section 6.8 Exceptions to competitive tendering or formal methods of solicitation, which also apply to situations where there may be several sources available but other reasons compel UNOPS to invoke an exception ground (e.g. exigency, lease).

6.3 Solicitation methods

A solicitation is a request to suppliers to offer a bid, quotation or proposal. There are four methods available to solicit an offer from a supplier: Shopping, Request for Quotation (RFQ), Invitation to Bid (ITB) or Request for Proposal (RFP). The first two are considered informal methods and the latter two as formal methods of solicitation.

A number of factors, such as market conditions, the complexity and nature of the requirement, i.e. goods, services or works, monetary value and conditions of the partner influence the choice of solicitation method. Location and urgency might also have an effect on the choice of solicitation method and the procedures followed.

Table 2 | Summary of solicitation methods

Solicitation method	Contract value	Requirement	Evaluation method	Envelope system
Shopping	< US\$5,000	Off-the-shelf goods, standard specification, simple services and works	Lowest priced most technically acceptable	No requirement for sealed offers
RFQ	US\$5,000 < US\$50,000	Requirement for goods, services or works is clear and specific.	Lowest priced most technically acceptable	No requirement for sealed offers
ITB	≥ US\$50,000	Requirements for goods, services or works are clearly and completely specified	Lowest priced substantially compliant	
RFP	≥ US\$50,000	Requirements for goods, services or works that cannot be expressed quantitatively and qualitatively or complex requirements that may be met in a variety of ways	Cumulative analysis	

6.3.1 Shopping

Shopping is an informal method of solicitation appropriate for the procurement of readily available off-the-shelf or standard specification goods less than US\$5,000, or simple works or services less than US\$5,000.

Shopping is undertaken by based on the comparison of prices obtained from potential suppliers, received orally or in writing (including by checking available online sources). Prices taken orally must be written down carefully, dated and kept in the file. A note to the file for an award made under the shopping solicitation method shall be used to justify the selection of vendor.

When using shopping as a method under limited competition, at least three suppliers must be compared. Should it not be possible to compare 3 suppliers, the reason must be recorded in writing in the award document.

Awards are made based on the 'lowest priced, most technically acceptable offer' evaluation methodology (see [8 Evaluation of submissions](#)).

Note: the threshold for the shopping solicitation method (less than US\$5,000) should not be confused with the threshold from which a written contract and requisition/purchase order in the ERP system is required which is for values equal to or above US\$2,500.

6.3.2 Request for quotation

An RFQ is an informal method of solicitation. It is used for low value procurement (below US\$50,000) where the requirement for goods, services or works is clear and specific.

The use of the RFQ templates is mandatory in all cases. RFQs must have a clearly defined submission deadline, which must be specified in the RFQ document and communicated to all prospective bidders. Quotations in response to an RFQ must be received in writing. RFQs are subject to the bid receipt and opening procedures outlined in chapter 7.

When using an RFQ under limited competition, at least three suppliers must be invited to submit a quotation. Should it not be possible to obtain three quotations, the reason must be recorded in writing and signed by the PA.

Awards are made based on the 'lowest priced, most technically acceptable offer' evaluation methodology (see [8 Evaluation of submissions](#)).

6.3.3 Invitation to bid

An ITB is a formal method of solicitation where prospective suppliers are requested to submit a bid for the provision of goods, services or works. It is normally used when the requirements are clearly and completely specified. An ITB is mandatory for procurements equal to or above US\$50,000 but can also be used for lower value procurement (below US\$50,000) if requirements are complex or if the PA otherwise determines it beneficial.

The use of the ITB templates is mandatory in all cases. ITBs must have a clearly defined submission deadline, which must be specified in the ITB document and communicated to all prospective bidders. Bids in response to an ITB must be received in writing. ITBs are based on a one-envelope system, i.e. the financial and the technical components of a bid are combined in one single document. ITBs are subject to the bid receipt and opening procedures outlined in chapter 7.

An ITB can either define the minimum requirements a good or service has to meet or must outline a range of acceptable requirements. During evaluation, a bid is compliant based on pass/fail criteria.

Contracts are awarded on the basis of the 'lowest priced substantially compliant offer' evaluation methodology, including delivery terms, and any other technical requirements stated in the ITB.

6.3.4 Request for proposal

An RFP is a formal method of solicitation. It is used for procurement of services and goods when requirements cannot be expressed quantitatively and qualitatively (e.g. consulting or similar services) at the time of solicitation or for the purchase of complex goods or works where the requirements may be met in a variety of ways and an evaluation based on cumulative analysis is most appropriate. An RFP is only required for procurement equal or above US\$50,000 but can also be used for lower value procurement (below US\$50,000) if appropriate.

An RFP requests a technical proposal which offers a solution to the requirements specified in the solicitation document. A separate financial proposal indicating all costs associated with carrying out the technical proposal is also sought. In response to an RFP, suppliers must submit the technical and financial details sealed separately (two-envelope system). The purpose of the two-envelope system is to make sure the technical evaluation focuses solely on the contents of the technical proposals without influence from the financial proposals. RFPs are subject to the bid receipt and opening procedures outlined in chapter 7, including the requirement for separate opening sessions for technical proposals (all proposals received) and financial proposals (only for offerors deemed technically compliant after evaluation).

The evaluation criteria are established in the RFP by identifying the technical and financial evaluation factors and weighting the key areas of importance that will be considered in the source selection. At UNOPS weightings of technical and financial proposals can be in either: 80%-20%, 70%-30%, 60%-40% or 50%-50%. Weighting needs to be considered on a case-by-case basis to achieve the appropriate balance. The applicable balance between the various evaluation criteria must be established before the RFP is issued, and expressly stated in the solicitation documents: the lower the complexity of the requirements, the higher the financial weight must be. In addition, the RFP must state a minimum passing threshold in terms of percentage of the total points of the technical proposal (normally 60% or 70% of total points) which will determine if the proposal is deemed technically responsive and if it will be subject to the financial evaluation.

Proposals are evaluated, ranked and awarded according to the 'cumulative analysis' evaluation methodology, defining best value as the paramount overall benefit when considering technical and financial factors. The contract is awarded to the qualified contractor whose proposal is considered to be the best value (technical and financial) and the most responsive to the needs of UNOPS and its clients.

In order to further assist suppliers in determining the appropriate quality of goods, works or services, UNOPS may choose to include estimates of personnel and other input required in order to reach the expected results. In exceptional circumstances, it can be envisaged to include an indication of the available budget; however, the potential drawback is that information about the available budget may lead bidders to align their financial proposals to the budget disclosed.

6.3.5 Selection of solicitation method for works

For procurement of works (as defined in section [2.1.1 - Definition of procurement](#)) the same solicitation methods as explained above should be used for the bidding process: RFQ, ITB and RFP. However, the documents to be used in each of the described cases have been especially adapted for procurement of works, i.e. the standard documents for goods

and services must not be used. Should a procurement official have any doubt on whether to use solicitation/contract templates for goods/services or for works, these must be raised to PG and IPMG prior to starting the procurement process.

General considerations in the selection of solicitation method/contract modality for works:

- Prior to selecting the solicitation method, it is important to select the correct works contract up front in order to prepare the most suitable linked solicitation method. UNOPS has developed a suite of six contracts based on FIDIC. In case of doubts, IPMG should be contacted for advice on how to best select the appropriate works contract. These include four different construction contracts, one contract for Consultancy Services for Works and one Design and Build Construction Contract. Details on each of these contracts are included in section 11.6. These contracts are associated to one or more solicitation method as described in Table 3 below;
- The selection of solicitation document and related contract form should not be made solely on monetary threshold. It is important to choose the contract based on the concrete necessities and complexities of the works, and considering other factors, such as risk; expected contractor capacity; familiarity of contractors with such contracts; and UNOPS own project capacity and standard practice in the location. Approval to use a contract outside of its threshold must be sought from IPMG;
- For simple works, use the informal method of RFQ. It is normally used with the Minor Works Contract, however could be used with any of the other UNOPS works contracts if more appropriate. In the general case of works with values above US\$50,000 – or for lower values with no minimum monetary threshold where the works are considered to be relatively complex – use one of the formal solicitation methods for works, either ITB or RFP, each of which is linked directly to the appropriate works contract;
- For complex construction projects where the technical approach and methodology proposed by the bidders are of critical relevance for performance of the contract, a balance between the technical and financial criteria in the evaluation would likely lead to better value for money, more effective competition and better serve the interests of UNOPS and its clients. In this case the RFP for works should be used, allowing the use of cumulative analysis in the evaluation of the offers;
- When the lump sum payment modality is selected for any of the construction contracts, the solicitation documents shall include a breakdown of quantities along with schedules of unit rates separately to facilitate the comparison of offers during evaluation and to assess and compute the cost of variations, if any;
- In general, it is anticipated that for the procurement of services under the Contract for Consultant Services for Works the use of RFP is recommended. However, should after assessment of the requirements and context deemed that a cumulative analysis evaluation would not add value in that situation (e.g. services to be procured are for supervision, in certain contexts) it may be appropriate to use RFQ or ITB as the solicitation method, depending on the thresholds (ITB if equal or above to US\$50,000);
- The Design and Build Construction Contract⁸ is where the objective of the procurement process is to both provide the project's design and deliver its construction. It is critical in these cases to have a well-prepared set of Employer's Requirements before proceeding to tender. The preparation of Employer's Requirements is a skilled task and should not be underestimated. As with a full design, the Employer's Requirements will be subject to a design review and a Certificate of Design Review Compliance will be required before tendering for a Design and Build Construction Contract (see [11.6.5 Lump Sum Construction Contract](#) for details);
- When procuring a Design and Build Construction Contract, an RFP is the required procurement method, as the request is for a technical solution that provides a design for a determined scope of works not only a monetary value or offer. The template to use is the RFP for Design and Build Construction Contract. In the case of design and build it is mandatory to obtain prior approval from IPMG before preparing an RFP for Design and Build Construction Contract and its corresponding contract;
- When the requirements include a combination of goods or services and works (e.g. the reconstruction of a laboratory and the supply and installation of equipment for the same) and these cannot be issued as separate solicitation processes, IPMG and PG should be contacted for advice to explore options to issue a 'hybrid' solicitation document. Such 'hybrid' would ensure that the different elements of the requirements are covered by the relevant contract and risk management provisions.

⁸ The Design and Build Construction Contract and related templates are effective upon the release by IPMG.

Table 3 | Selection of solicitation method and contract type for works

Contract		Contract value	Type of requirement	Solicitation method	Solicitation document
Works contracts	Minor Works Contract	Basic and routine works, contractors with low capacity	< US\$50,000	RFQ	RFQ for Minor Works Construction Contract
			≥ US\$50,000	ITB	ITB for Minor Works Contract
	Short Form Construction Contract	Relatively basic and routine works	US\$250,000 - 1,000,000	ITB	ITB for Short Form Construction Contract
				RFP	RFP for Short Form Construction Contract
	Measured Price Construction Contract	Complex works to be paid on a measured price basis	> US\$1,000,000	ITB	ITB for Measured Price Construction Contract
				RFP	RFP for Measured Price Construction Contract
	Lump Sum Construction Contract	Complex works to be paid on a lump sum basis	> US\$1,000,000	ITB	ITB for Lump Sum Construction Contract
				RFP	RFP for Lump Sum Construction Contract
	Contract for Consultant Services for Works	Engage consultants for design services, works supervision services, and/or other technical services such as feasibility studies, geotechnical investigations, etc.	< US\$50,000	RFQ	RFQ for Consultant Services for Works
				≥ US\$50,000	RFP
≥ US\$50,000				ITB	ITB for Consultant Services for Works
Design and Build Construction Contract	Any value	For contracting both design and build services	RFP	RFP for Design Build Construction Contract	

6.4 Solicitation documents

UNOPS standard solicitation documents must be used when soliciting offers from suppliers through RFQ, ITB or RFP. While the details and complexity of solicitation documents will vary according to the nature and value of the requirements, they will contain all information necessary to prepare a suitable offer. The standard solicitation documents are templates which contain UNOPS mandatory requirements, terms and conditions customized to fit the specific requirements (goods/services or works) and the procurement method being undertaken (informal/formal). The templates are to be completed with the details applicable to each solicitation process.

Any changes in the standard paragraphs of the solicitation documents, including the annexes, require prior clearance by a procurement reviewer, as appointed by the Director, PG. Furthermore, documents must not include any standard text, requirements or conditions that contradict the UNOPS General Conditions of Contract (GCC).

All UNOPS solicitation templates (whether for goods/services or for works) are similarly structured. The following section describes the components of solicitation documents.

6.5 Components of solicitation documents

UNOPS solicitation documents are written documents consisting of the following components:

1. Letter of invitation;
2. Particulars and instructions to bidders;
3. Evaluation criteria;
4. Schedule of requirements;
5. Returnable bidding forms/schedules;
6. Contractual information.

While the details and complexity of solicitation documents may vary according to the nature and value of the requirements, each solicitation must contain all information and appropriate provisions that are necessary for bidders to understand UNOPS needs and to prepare a meaningful offer. Thus, the solicitation documents must include all information concerning a specific procurement activity and be as concise as possible.

As no new requirements must be introduced or existing ones must not be changed after the solicitation process has been completed, it is crucial that all relevant information is presented at this stage.

The following kinds of information should be included in the various components of the solicitation documents. The information is either already included in the UNOPS standard templates, or must be filled in before issuance of the solicitation documents.

6.5.1 Letter of invitation

The solicitation document must include on the first page a letter inviting suppliers to submit offers, and include reference to the specific procurement activity (title and reference number), and a list of sections in the document and supporting documents issued.

6.5.2 Particulars and instructions to bidders

The Instructions to bidders section includes articles that explain bidders the provisions under which the solicitation process is undertaken and must not be changed by the procurement official. The Particulars section is expressed in a table format where the left column refers to the title of an article within the instructions to bidders section, and a right column where content specific to that tender must be inserted.

The below table provides guidance on relevant articles within the Particulars and instruction to bidders sections:

a) Scope of bid	<p>Brief description of the procurement activity should include all information necessary to prepare a responsive and meaningful offer and could include the context of the procurement activity and the intended purpose of the procurement activity.</p> <p>In addition, if the solicitation process is being undertaken for the purpose of establishing a long-term agreement (LTA) or a blanket purchase agreement (BPA) it should be explained here.</p>
b) Contact person for clarifications	<p>Name and contact details of the UNOPS procurement official in charge of the solicitation process. Can alternatively include the details of a generic email address from the procurement unit or the mechanism by which clarifications are handled on the eSourcing system (if tender is done with eSourcing).</p>
c) Amendments	<p>The solicitation documents must stipulate that any additional information, clarification, correction of errors or modifications of bidding documents will be distributed and detailed in a written notification to bidders prior to the deadline for receipt in order to enable bidders to take appropriate actions. This will be done by notifying in writing all bidders that have received the solicitation document directly from UNOPS if the solicitation process followed limited competition and by posting the amendments online if further to open competition.</p> <p>Similarly, all vendors must be informed of the right to modify or make corrections to bids or proposals, provided that any such modification or corrections are received by UNOPS in writing prior to the deadline of submissions.</p>

d) Clarification or pre-bid meeting and site inspection

The solicitation documents must communicate to the vendors any information about the location, date and time of any pre-bid conference or site-visits that will be conducted for the tender. In addition, mandatory or optional attendance, physically or electronically (e.g. via Skype), thereof must be clearly stated in the solicitation documents. The pre-bid conference is an open forum during which questions from potential vendors are addressed. Minutes from the forum must be prepared and appended to the solicitation and distributed to bidders through direct notification to vendors that attended and by posting it online if open competition.

For works, it is recommended to hold a pre-bid conference to clarify the most relevant points that bidders must understand concerning UNOPS Contracts for Works, such as the different roles and milestones established in the contract; guarantees and insurances that must be provided; and processes for payments, retentions, claims, and variations. A better understanding of UNOPS expectations and the required contract management will lead to a better quality of bid and reduce misunderstandings that might delay project execution.

The overall aim is to achieve better value for money in the procurement process. The solicitation documents shall state clearly that attendance at a pre-bid conference or site visit shall be at the sole expense of the prospective bidder.

The necessity of site visits for works should be decided after common discussion and agreement between procurement and project managers on a case-by-case basis. Site visits afford prospective bidders the opportunity to obtain a clearer and deeper understanding of the requirement.

Should participation by bidders on the pre-bid meeting or the site inspection, this must be clearly laid out in the solicitation document.

For more details refer to section [6.7 – Communication with vendors](#).

e) Bid validity period

Suppliers must be requested to keep their offers valid for a specified number of days, (typically a period of 60 or 90 days for formal solicitation methods or 30 days for informal, but could be reduced if the price of the procured product fluctuates rapidly, e.g. raw materials, petroleum products, etc.) allowing time for evaluation of offers and award of contract.

f) Partial bids/ lots

Information about whether or not partial offers, often segregated in the solicitation document into lots, are accepted, and whether split orders will be placed must be included in the solicitation document.

If the requirements are divided into components or lots, it is imperative that the solicitation documents state UNOPS right to award the contract to the supplier offering the best offer for all components or lots, or per component or lot.

If split orders (awarding contracts for parts of the items to more than one supplier) are foreseen, UNOPS right to split the contract between several suppliers must also be specified in the solicitation documents.

When determining whether to split the contract, possible savings from purchasing items at a lower price must be compared with the transaction cost to UNOPS of placing several contracts as well as with supply chain, logistical and warranty issues related to the contracts. The opportunity to increase supplier diversity by providing access to smaller suppliers and considerations of local capacity development should also be taken into account when determining whether to split the contract.

Where multiple lots are being tendered in one or more solicitations at the same time and individual bidders are likely to bid for more than one lot/assignment, it is important to establish a link between the respective processes. This can be achieved in the following ways:

By grouping all the assignments together in a single tender with multiple lots;

By issuing separate tenders, in which case it is essential to state in each individual tender that it is linked to the other tenders (i.e. state in each tender that when determining a supplier's capacity for award of multiple contracts, qualification criteria evaluation will take into account awards already made / recommended in the other related tenders).

For more details regarding evaluation qualification criteria for requirements with lots, refer to section [6.5.3.2 Qualification criteria](#).

g) Alternative bids/offers

An alternative offer is an offer that does not comply with the exact requirements of the tender, or which may represent an improvement over the original offer by exceeding the minimum performance parameters of the request, and is proposed by a vendor as an optional way of fulfilling the needs of the end user. Alternative offers can be a useful tool in considering more sustainable options.

The following are different approaches for dealing with an alternative offer; the solicitation document must specify which approach is applicable for the specific tender:

- i. An alternative offer is not accepted;
- ii. An alternative offer is accepted. In this case, it must be clarified how it will be processed:
 - a) An alternative offer can be considered only if it presents an alternative to the lowest substantially compliant offer, as long as the offered price does not exceed that of the second lowest substantially compliant offer;
 - b) Alternative offers are evaluated simultaneously with other original offers (i.e. bidders are allowed to present more than one technical solution – multiple offers – to the requirement, each of which will be individually assessed);

Alternative offers not complying with the mandatory criteria must not be considered. For the procurement of services undertaken RFP processes, alternative offers are commonly acceptable.

h) Bid currenc(ies)

The instructions shall indicate in what currency the prices of the offer must be quoted, unless a specific bidding currency has been specified in the project agreement with the client. Further, the instructions must state that the contract will be issued in the currency as determined by UNOPS in the bidding document, and the payment will be effected in the currency of the contract.

If receipt of offers is permitted in more than one currency as per the project agreement, UNOPS shall convert prices to a single currency using the United Nations operational rate of exchange applicable on the deadline date for receipt of offers.

i) Duties and taxes

Article II, Section 7, of the Convention on the Privileges and Immunities provides, inter alia, that the United Nations, including UNOPS as a subsidiary organ, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties, and charges of a similar nature in respect of articles imported or exported for its official use.

The solicitation document must state that all bids shall be submitted net of any direct taxes and any other taxes and duties payable for the purpose of bid evaluation; therefore the Delivered Duty Paid (DDP) Incoterm must not be used in solicitation documents for goods (see [6.5.3.3 Financial criteria](#) and [13.5.1.1 Taxes](#) for more details) and a Legal Advisor must approve exceptions to this rule.

j) Bid/proposal security

The purpose of a bid/proposal security is to discourage frivolous and irresponsible offers that have an adverse impact on the procurement process in terms of additional cost for re-tendering and evaluation, and possible delays in implementation.

Bid/proposal securities can be requested by UNOPS to mitigate the following bidder related risks:

- i. Withdrawal or modification of a bid or proposal after the bid receipt deadline;
- ii. Failure to sign the contract;
- iii. Failure to provide the required security for the performance under the contract after a bid or proposal has been accepted;
- iv. Failure to comply with any other conditions prior to signing the contract specified in the solicitation documents.

When used, the bid security shall be in the amount and form specified in the bidding documents. Further, the bid security shall remain valid for a period that provides sufficient time

to UNOPS in the event the security has to be cashed, i.e. until the date of expected contract signature as per paragraph o of this section.

A bid security shall be released to unsuccessful bidders once the contract has been signed with the winning bidder.

Calculation of the value of a bid/proposal security must consider the costs of evaluating offers and re-tendering. For reference purposes, the value of the bid/proposal security could range between 0.5% and 4% of the expected contract amount, however the bid/proposal security must always be stated as a specific lump sum rather than as a percentage of the bid amount (to avoid signalling the budget estimate) except for solicitation processes with multiple lots if this approach is not practical. Normally, an amount corresponding to US\$5,000, US\$10,000, US\$20,000 or US\$50,000 is recommended, depending on the complexity and expected amount of the solicitation process. Securities represent a cost to the bidder and therefore it is essential that they are set at a level that will not discourage participation in the tender process.

The bid/proposal security is normally in the form of a bank guarantee. Other forms (e.g. a bond, a demand draft, cashier's cheques or irrevocable cheques certified by a bank) may be used prior to review by a UNOPS Legal Advisor and FG. The acceptable formats must be indicated in the solicitation document along with relevant templates.

It is recommended to use bid/proposal securities when the following circumstances prevail:

- High value of goods, works or services to be purchased;
- Urgency of the request, e.g. goods must be in the country or works to be constructed before the rainy season;
- Emergency, i.e. life and death situations;
- High risk of offer withdrawal due to market conditions, increasing raw material prices, country instability, etc.;
- Lengthy procedures, i.e. contract cannot be placed within a relatively short period;
- Donor imposed conditions require use of bid/proposal securities.

Please see [8.5 Preliminary screening](#) for details on how the evaluation team can review the authenticity of bid/proposal securities received.

In UNOPS offices where it is difficult for bidders to obtain bid securities or it is not a normal market requirement, it can be replaced by a 'Bid securing declaration' which is a non-monetary statement committing the bidder to sign the contract if awarded. In these cases offices must use the corporate template and seek IPAS guidance prior to using it in the first tender.

k) Language of bids

The solicitation documents as well as the offers must be prepared in English, French, or Spanish. The language will be selected by UNOPS.

The contract signed with the selected vendor must be written in the language selected for the solicitation documents, and this language shall govern the contractual relations between UNOPS and the supplier.

Translation of the solicitation documents into a local language may be necessary and is encouraged to facilitate access to UNOPS business opportunities by SMEs and minority businesses, etc. However, all contractual documents are still to be written in English, French or Spanish, in order to facilitate procurement review and audit. The original version takes precedence in the case of inconsistency between the original document and the translation, and this statement must be included in any document that is translated.

l) Deadline for submission (tender period)

The date, time and place for submission must be clearly stated, together with the location, date and time for the opening of offers (if public).

- i. The deadline for submission should allow a vendor a sufficient number of days to prepare and submit an offer. Consult Table 4 for the minimum solicitation periods (excluding the issue date but including the closing date);

Table 4 | Minimum solicitation period

Solicitation method	Requirement	Minimum bidding time in calendar days
RFQ	All	5
ITB	Goods	15
ITB	Works	15
ITB	Services	21
RFP	All	21

If due cause exists, the PA can authorize a shorter solicitation period. However, the procurement officials must justify the decision for waiving the minimum day requirement in a note to the file that describes the reasons and explains how the requirement for competition has been met despite the shortened solicitation period. The note to the file must also confirm the availability of the evaluation team members immediately after the end of the solicitation period.

However, for works, a shortened bid period is usually not recommended. This is especially true for large works and lump sum contracts as in both circumstances a bidder will need to calculate quantities.

m) Bid/proposal submission

In order to convey all relevant instructions governing the preparation and submission of offers, the instruction must include a list of documents required to form a complete offer, as well as notice to suppliers that non-compliant offers may be rejected. A compliant offer is one that conforms substantially to all terms, conditions and specifications in the solicitation documents.

Further, the instructions should always include:

- Mode of submission (email, fax, hand-delivered, mail, fax, UNOPS eSourcing system);
- Address/fax number/email;
- Instructions on offer packaging, e.g. sealed, number of copies, requirement in RFPs to submit technical and financial separated (two-envelope system), etc.

n) Opening of Bids

Information about whether public bid opening will be held, and if so, details for the same (date, time, venue). For details, refer to chapter [7 Management of submissions](#).

o) Contract award date

Estimated date when UNOPS is expected to award the contract.

p) Performance security

Performance securities can be requested by UNOPS from the selected vendor in order to mitigate the risk of supplier non-performance and breach of contractual obligations (such as delivery of all equipment, services rendered, and works completed as per the contract).

Securities and guarantees are normally issued in the form of an unconditional and irrevocable on-demand bank guarantee. Other forms (e.g. a bond, a demand draft, cashier's cheques or irrevocable cheques certified by a bank) may be used prior to review by a UNOPS Legal Advisor and FG. The acceptable formats must be indicated in the solicitation document along with relevant templates.

The value of the performance security may vary, depending on the nature, risk and magnitude of the works, services or goods to be provided under the contract. However, it is recommended that the performance security equals at least five percent of the total contract amount.

For contracts of works (see [11.6.7 Important provisions in works contracts](#) for details), the amount of the performance security and the retention should be seen in parallel. Normally it is advisable 5-10% of the contract value for retention, and 5-10% for performance security – depending on the project, the risk, the contractors etc. It is not mandatory to have both,

although they serve slightly different purposes. However, total value should normally not exceed 10% of the contract value.

The performance security should reflect the value of the assessed risk and subsequent loss to UNOPS should the contractor fail to fully perform under the respective contract. This would be dependant on the market, situation, local working conditions, political and economic situation of the project location. E.g. a simple project with known contractors would attract a lower percentage; a complex project with unknown contractors would attract a higher percentage. The higher the percentage, the less attractive it is to bid and also the bid value is likely to be higher. Realistic performance guarantee values should therefore be set.

In the case of UNOPS contracts for works, unless otherwise specified in the contract, the contractor shall deliver the security for performance to the employer within 14 days after the date of the contract (or commencement date).

It is recommended to use performance securities when the following circumstances prevail:

- i. High value of goods, works or services to be purchased;
- ii. Urgency of the request, e.g. goods have to be in the country or works to be constructed before the rainy season;
- iii. Emergency (life and death situations);
- iv. Price of raw material is increasing (i.e. risks that suppliers withdraw their bid is higher);
- v. Previous unsatisfactory experience with selected supplier;
- vi. New contractor unknown to UNOPS;
- viii. Significant difference between the lowest price and the second lowest price;
- ix. Large variety of products to be covered under the contract (risk of failure to deliver);
- x. Delicate products (high risk of damage during handling);
- xii. Donor imposed conditions require use of performance securities.

Refer to section [11.1.6 Works contracts](#) on how to review and handle received bank guarantees and securities.

q) Advance payment security

A guarantee for advance payment can be requested by UNOPS from the supplier when the supplier requests an advance payment to cover its mobilization costs (typically in case of contracts for works or services). If a performance security or advance payment guarantee is requested at the time of contract signature, the solicitation document must specify the requirements, including the deadline for provision of the security/guarantee as well as the applicable format.

An advance payment security is mandatory when the value to be paid exceeds US\$250,000 but is also recommended for smaller amounts. Please see [11.1.4 Advance payments](#) for more details.

Performance securities and advance payment guarantees serve different purposes at different stages of the procurement process. As such they are not mutually exclusive and they shall be requested as and when required.

r) Payment terms

The solicitation documents must specify the payment terms.

- i. The payment terms are usually net 30 days upon receipt of invoice as well as receipt and acceptance of goods or services, or upon receipt of required shipping documentation, depending on the Incoterm used (see [12.3.3 Contract management](#));
- ii. No advance payments should be made, except when deemed regular practice in the industry and only in accordance with UNOPS policy on advance payments;
- iii. Progress payments are common practice for services and works (for instructions on UNOPS payment policy, see [11.1.4 Advance payments](#));
- iv. If the price of the commodities is likely to fluctuate over time, e.g. petroleum products, metal products, and it is UNOPS intention to issue a contract based on a price formula, such as the Platts index or London Metal Exchange (LME), the price formula must be

clearly specified in the solicitation documents and the wording for the same must be cleared in advance by a Legal Advisor;

- v. In the case of construction works, it may be appropriate in certain cases to include a price adjustment mechanism in the contract; if it is addressed in the contract, it should also be defined in the contract schedules accompanied by bidding documents. Any such provision must define how the price adjustment will be triggered by fluctuations in various defined indices and be subject to an overall ceiling. The approved wording of the mechanism that allows for changes in cost is included in UNOPS contracts for works. A Legal Advisor must approve any alternative wording of the mechanism before it may be included in the solicitation document.

s) Liquidated damages / Delay damages

If applicable, UNOPS may inform on the solicitation document that it will deduct from the Contract price, as liquidated damages (for goods and services) or delay damages (for works), a sum equivalent to a percentage of the original total Contract price (normally 0.1% - 0.3%) for each day of delay until actual delivery or performance, up to a maximum deduction (normally 10%). Once the maximum is reached, UNOPS may terminate the Contract pursuant to the General Conditions of Contract.

To be noted that in many legal systems, penalties for non-performance that may be agreed to by parties to a contract are not typically enforceable, since courts seek to prevent over-reaching and unconscionable bargains. While many legal systems give the parties wide latitude in framing contractual terms regarding the establishment of primary rights and obligations under a contract, except within narrow limits, the parties generally are not free to determine the remedial rights that will be provided. Remedies, therefore, typically are a matter of public law rather than private law between the parties. While parties are not empowered to agree on penalties in contracts in the event of non-performance, they may agree under certain conditions to determine in advance what damages will be assessed in the event of a breach of contract. To be distinguishable from a penalty, and therefore, enforceable under most legal systems, liquidated damages should fulfil three criteria. First, the parties must intend to provide compensation for losses or damages rather than a penalty for non-performance. For example, since liquidated damages are commonly assessed for delays in the contractor's performance, it must be clear that the liquidated damages are intended to compensate for the losses caused by the fact of any delay, and not as an 'incentive' to ensure that the contractor performs on time. Second, the injury caused by the non-performance for which liquidated damages would be assessed must be uncertain or difficult to quantify. For example, the delays in performance by an electrician in a construction project may cause scheduling delays and supply interruptions, the costs and consequences of which may be impossible or extremely difficult for the owner to determine. Third, the amount of liquidated damages that are stipulated must be a reasonable pre-estimate of the probable loss. If no actual harm results from the non-performance, even liquidated damages that appeared to be reasonable at the time when the contract was formed may be viewed as being in the nature of penalty when later imposed. In such case, the liquidated damages at issue may not be enforceable.

In view of the foregoing, the enforceability of liquidated damages or delay damages provisions depends on the facts and circumstances of the procurement activity concerned and the substance and terms and conditions of the contract in question. Consequently, the determination as to when and how to use liquidated or delay damages provisions is complex and should be made on a case by case basis in consultation with a Legal Advisor if necessary.

For further details on liquidated damages, refer to section [13.3.1 Liquidated damages for goods and services and on delay damages](#) in section [13.3.2 Delay damages for works](#).

t) Right to vary quantities at the time of award

If applicable, it must be stated either in the Particulars or Schedule of Requirements sections of the solicitation document that UNOPS reserves the right to increase or decrease the quantity of goods and/or services originally specified in the schedule of requirements, provided this does not exceed a specific % (normally 20%) without any change from bidders in the unit prices or conditions.

u) Other

Need for samples, etc.

6.5.3 Evaluation criteria

Solicitation documents must state the evaluation method according to the solicitation method selected, i.e. RFQ – lowest priced, most technically acceptable offer; ITB – lowest priced substantially compliant offer; or RFP – cumulative analysis.

In addition, the solicitation documents must state the evaluation criteria, including as applicable:

- Formal and eligibility criteria;
- Qualification criteria;
- Technical criteria;
- Financial criteria.

The evaluation criteria shall be appropriate to the type, nature, market conditions, and complexity of what is being procured, and should be clearly specified in detail in the solicitation document. Evaluation criteria should be designed to enable UNOPS achieve best value for money. Once the evaluation criteria have been drafted, procurement practitioners are recommended to perform a simulation applying the developed evaluation criteria to various probable situations expected to be encountered in the evaluation process. The objective of the analysis is to demonstrate the adequacy of the criteria to the given requirement and market.

The evaluation must be carried out pursuant to the criteria specified. In order to ensure fairness and transparency, it is extremely important that all criteria to be considered in the evaluation are clearly defined in the solicitation documents and not altered after the solicitation documents have been issued. Should there be the need to make changes to solicitation documents during the bidding process and before the bidding deadline, any such amendments will be made in accordance to section [6.6.4. Amendments to solicitation documents](#).

6.5.3.1 Formal and eligibility criteria

Formal and eligibility criteria are evaluated by the evaluation team during preliminary screening (see [8.5 Preliminary screening](#)).

Formal criteria

Examples of formal compliance criteria are:

- The offer is accompanied by the required documentation, including the bid submission form, with signatures in the key portion of the bid form when this is clearly specified in the tender;
- The offer includes all non-historical documents as required in the solicitation documents. A non-historical document is a document specifically related to the tender and one that the bidder could not be expected to possess before the solicitation document was issued, e.g. a bid security. In the event of a power of attorney (POA) being required, not having a valid POA on the date of signing the bid would render the bid substantially non-compliant. If no POA is provided or if the POA is technically defective or invalid, the procurement official must ascertain if the bidder has in their possession a historical document (i.e. a valid pre-existing POA in its favour) that could be considered to qualify the bid as substantially compliant. If no such document exists or the document produced is fresh, i.e. it is a non-historical document, the bid would be non-compliant;
- The offer is accompanied by the required securities when applicable;
- The goods or services offered are of eligible origin;
- The offer covers the requirement in full or in part, specifically for partial bids;
- The offer includes evidence of acceptance of the relevant UNOPS General Conditions of Contract (GCC);
- The offer includes evidence of acceptance of other important conditions, e.g. performance security, warranty, delivery schedule and payment terms.

Eligibility criteria

- The vendor meets the eligibility conditions stated in section [3.3 Vendor ineligibility](#), including:
 - a) The vendor is not from a nationality excluded under the project agreement to which the procurement process relates, as signed between UNOPS and its client/partner. Any excluded nationalities must be clearly included in the solicitation document;
 - b) The vendor does not have conflict of interest, as defined in section [1.5.3.2 Supplier conflict of interest](#);
 - c) The vendor is not included in any of the identified ineligibility lists;
 - d) The vendor is not currently suspended from doing business with UNOPS and removed from its vendor database(s), for reasons other than engaging in proscribed practices under the mandate of the Vendor Review Committee.

6.5.3.2 Qualification and technical criteria

Qualification and technical criteria are evaluated during technical evaluation.

Qualification criteria

Qualification criteria, when included in a solicitation document are evaluated on a pass/fail basis, regardless whether these are included on an RFQ, ITB or RFP.

The extent of the supplier's qualification criteria must be reasonable and must consider the value of the contract and the complexity of the solicitation. The following aspects could be considered:

- Legal and regulatory requirements such as registration certificates, licences, standards etc.;
- Technical capability and experience:
 - Successful past performance experience;
 - Previous experience in a similar field and with the same or similar type of requirements;
 - Minimum requirements regarding value of previous contracts;
 - Experience in the region;
 - Available capacity and equipment to undertake the assignment;
 - Availability of after sales services or agents in the country of delivery;
 - Qualification and experience of proposed personnel;
 - Managerial capability such as the company's managerial structure and quality assurance systems in place;
 - No adverse reports in the last years;
 - Evidence that the bidder is in continuous business of providing similar goods/works/services to those offered during a number of years prior to the bid opening date;
 - Institutional and workload capability such as capacity and availability of production site, staff etc.;
 - Experience in delivering the social and sustainability requirements described in the tender documents;
 - Operation's sustainability controlled according to formal management systems (i.e. dealing with social, environmental, health and safety performance), with or without international third-party certification;
 - Demonstrated organizational commitment to sustainability;
- Financial capability, such as:
 - Annual sales turnover of a minimum amount during one/various of the last years;
 - Minimum financial profitability and liquidity ratios.

Where the solicitation document states in the Particulars and instructions to bidders section that evaluation will be done by lot (see [6.5.2 Particulars and instructions to bidders](#)) the solicitation document must address the issue of how UNOPS will award lots where a supplier does not meet all qualification criteria (e.g. capacity, turn-over requirements, etc.) for all the lots for which it the bidder recommended for award as per the evaluation methodology stated in the solicitation document.

The usual way to do this is to state in the solicitation document that where a bidder does not meet all qualification criteria to perform all lots for which it is recommended for award, UNOPS will award each of the affected lots in a manner which achieves the best overall value-for-money combination for UNOPS.

For instance, in the case of an ITB evaluation, this would mean that in situations where a bidder has offered the lowest evaluated bid price (i.e. the L1 bidder) for more than one lot in the same tender or group of linked tenders and at during evaluation of the qualification criteria it is detected it would not meet such requirements for the combination of lots to be awarded (e.g. turn-over requirement, etc.), UNOPS shall proceed as follows:

- A price comparison lot-wise shall be made between the L1 bidder and the second lowest bid price (i.e. the L2 bidders for each lot);
- The price difference between the L1 and L2 offers for each lot is then calculated;
- In order to achieve the highest savings and select the most cost effective combination of multiple offers for the final recommendation of award, the lots where the price differences between the L1 offer and the offer of the L2 bidder are higher are awarded to the L1 bidder until the combination of all lots awarded to the L1 bidder reaches the value that could be awarded to the L1 bidder taking into account the qualification criteria requirements as stated in the solicitation document (e.g. production capacity, turnover, maximum contract value, etc.).

Technical criteria

Depending on how clearly the requirements are defined, technical and qualification criteria are developed for evaluation according to pass/fail basis regarding the compliance to the specifications and other requirements (in RFQs and ITBs) or by scoring points/rated criteria (in RFPs).

When using the cumulative analysis evaluation method, technical evaluation criteria are related to the approach and methodology proposed to reach the expected results or solve the identified problem as described in the requirement definition (TOR or SOW). In these cases, the solicitation documents must clearly state the breakdown of percentage or points allocated to each overall criterion (e.g. experience: xx points, approach and methodology: xx points, qualifications and competence of proposed personnel: xx points).

In addition, UNOPS may consider including a number of technical points for interviews/oral presentations for all bidders or those that have achieved a minimum number of points upon evaluation of the documentation submitted. This should be done for complex processes (e.g. new LTAs), because it has a resource cost for both UNOPS and the vendors. It is important to manage the process properly, and in particular, ensuring the RFP includes wording on the purpose of the presentations, which is normally to validate the information provided by the offeror in their proposal and to test the offeror's understanding of the work. UNOPS must state in the solicitation document the approximate dates where such presentations will take place.

6.5.3.3 Financial criteria

Price is an important evaluation criterion but the weight of the price depends on the chosen evaluation methodology (see [8.4 Evaluation methodology](#)). It is important to clearly state in the solicitation documents which price factors will be used for evaluation. Various factors such as freight cost, operational cost, incidental or start-up costs, as well as life cycle costs could be taken into consideration. For services and works a template for breakdown of cost should be provided e.g. in Bill of Quantities for works.

In all cases, required breakdown as well as evaluation criteria must be clearly stated in the solicitation documents.

Only the price factors stated in the solicitation documents will be considered in the financial evaluation. Important considerations:

- i. UNOPS may state in the solicitation document that the financial evaluation will take into account the full life cycle cost. The full life-cycle cost of a product typically takes into account costs associated with the purchase and use of the product and may include:
 - Product cost (initial cost);
 - Freight cost;
 - Operational cost (e.g. electricity, fuel, consumables);
 - Installation and training cost;
 - Maintenance cost (e.g. after sales services, repair, spare parts);
 - Disposal cost or residual value at end of use.

Life cycle costing should be used when the costs of operation and/or maintenance over the specified life of the goods or works are estimated to be considerable in comparison with the initial cost and may vary among different offers received. Selection of the lowest priced offer based on lifecycle costing analysis can lead to win-win situations when cost savings go hand-in-hand with better overall sustainability.

When using life cycle costing, the solicitation document shall specify:

- a) Number of years for the life cycle cost consideration, i.e. the number of years that the product or service is expected to be used;
 - b) The discount rate, in percent, to be used to calculate the net present cost of future costs over the life cycle period specified in (a) above, if applicable;
 - c) The methodology to be used for calculating the operation, maintenance and residual value costs, including the information to be provided by bidders in their offers.
- ii. Due to its status as part of the UN, UNOPS normally will not take into account taxes and duties for the purpose of bid evaluation; therefore, the Delivered Duty Paid (DDP) Incoterm must not be used in solicitation documents for goods, unless the host country agreement does not recognize UNOPS tax exempt status. However, when requested by the funding source, and provided that the funding source is domestic (i.e. excluding foreign funding sources), UNOPS may be requested to pay the vendor for costs of import

duties for goods or services, and therefore may take into account taxes and duties for financial evaluation. This can be accepted under the following conditions:

- a) The agreement with the client allows for such reimbursement and the funding source has provided UNOPS with funds for the reimbursement of such taxes and duties;
- b) The services are funded solely by the relevant government (i.e. no third party donors);
- c) The UNOPS service constitutes a direct service to the government (not to another United Nations client) for procurement only as procurement agent;
- d) Goods are not to be used by UNOPS personnel and are immediately transferred to government on consignment in the country.

In making such a determination, all engagement documentation should be carefully reviewed to ensure that all such conditions are met. If they are, the business unit should submit a note accompanied by supporting documents and confirmation that all conditions are met must be issued in writing by a legal advisor.

When the goods or services purchased are for UNOPS own needs (i.e. administrative expenditures such as office furniture), taxes and duties must be excluded for the purpose of financial evaluation and must not be paid.

- iii. When including freight in the specifications, evaluation must be made on the total cost delivered to final destination ('landed cost') and may require bidders to quote prices on FCA/FOB basis with freight cost quoted separately and CPT/DAT/DAP prices. In the cases where UNOPS requests prices on FCA/FOB basis UNOPS reserves the right to seek freight quotations from its freight forwarders with which there is an LTA in place and make the award to the bidder which landed cost is lowest after adding their FCA/FOB price to the freight quotation obtained by UNOPS.

For more information on Incoterms please refer to chapter [12 Logistics](#).

- iv. In order to further assist suppliers in determining the appropriate quality of goods, works or services, UNOPS may choose to include estimates of personnel and other input required in order to reach the expected results. However, UNOPS will not disclose the available budget for the contract.
- v. UNOPS may exceptionally state in the solicitation document that:
 - a) Bids will be rejected if they are lower/higher than a defined percentage from the average price of technically compliant bids received. This is normally used when setting up catalogues for UN Web Buy Plus. For other uses, approval must be obtained from PG Director prior to launching the solicitation process;
 - b) For procurement of works, that bids that are outside a defined range (e.g. +/- 20%) of the UNOPS estimated price (commonly referred to as the engineer's estimate) will be rejected. Such a provision may be appropriate if the business unit has reasonable grounds to believe that there is a risk of inexperienced contractors bidding unrealistically low and then being unable to perform satisfactorily. Before including any such provision, it should be considered (with support from IPMG if needed) the extent to which the accuracy of engineer's estimate can be relied on in the local context;
 - c) In addition, UNOPS also reserves the right to request clarification from the bidder during evaluation stage in situations where individual prices within their bids are abnormally high or abnormally low but still the overall price remains within the pre-defined range. Based on the bidder's response, the situation will be treated as per section [8.8.1.5](#).
- vi. Domestic preference. If provided for in the project agreement signed between UNOPS and the client after consultation with a Legal Advisor, when conducting open international competitive tenders, a margin of domestic preference may be provided in the evaluation of bids/proposals when comparing bids/proposals from eligible domestic firms or from goods manufactured in country compared with foreign firms or goods manufactured abroad. In such cases, the conditions for domestic preference shall be clearly stated in the solicitation document, including the % added to foreign firms/goods manufactured abroad and a clear definition of the possible groups.

6.5.3.4 Evaluation criteria for joint ventures

If a bidder does not have all the expertise required for the provision of the services/goods/works to be provided under the contract, such bidder may submit an offer in association with other entities, particularly with an entity in the country where the goods and/or services are to be provided. In the case of a joint venture, consortium or association:

- i. All parties of such joint venture, consortium or association shall be jointly and severally liable to UNOPS for any obligations arising from their offer and the contract that may be awarded to them as a result of the solicitation process;
- ii. The offer shall clearly identify the designated entity designated to act as the contact point to deal with UNOPS, as detailed in the appropriate returnable form/schedule. Such entity shall have the authority to make decisions binding upon the joint venture, association or consortium during the bidding process and, in the event that a contract is awarded, during the duration of the contract; and
- iii. The composition or the constitution of the joint venture, consortium or association shall not be altered without the prior consent of UNOPS.

Where joint ventures are anticipated in a solicitation process, the solicitation document should state how each evaluation criteria will be applied, i.e. if the criteria applies to:

- All joint venture members combined must meet it;
- Each joint venture member must meet it;
- At least one of the joint venture members must meet it.

Normally, qualification criteria such as specific experience requirements and turnover requirement refer to all joint venture partners combined, whilst eligibility criteria are per each joint venture partner (non-inclusion in ineligibility lists, etc.).

6.5.4 Schedule of requirements

Schedule of requirements may include:

- a) Technical specifications, SOWs, design documents, Employer's Requirements for design and build and TORs for consultant services for works;
- b) In order to prevent misunderstandings and disagreements with suppliers at the time of contract execution, it is important to clearly state and describe the performance expected from the supplier. Ambiguous performance requirements may also lead to increased costs, as bidders may have to factor into their bid a contingency or risk buffer;
- c) Depending on the nature of the procurement activity, the requirements are stated in the form of technical specifications, SOWs, design documents, Employer's Requirements for design and build and TORs for consultant services for works (for guidance on writing requirements, see [4.2 Requirements definition](#));
- d) Delivery date for goods or starting/completion dates for provision of services/ works if firm requirements exist or time is of the essence;
- e) When procuring goods, the destination(s), and mode(s) of transport, shall be included. For services and works, destination/location shall be specified;
- f) Delivery terms: Incoterms 2010 shall be used to specify the delivery of goods procured by UNOPS (see [12 Logistics](#)).

6.5.5 Returnable bidding forms/schedules

The solicitation document must include specific forms/schedules to be filled out by vendors and included in their offer. The term 'form' is normally used in the context of solicitation of goods and services, whilst 'schedule' in solicitation of works. The number and specific forms/schedules to be included must be in accordance with the complexity of the requirements and solicitation method selected (e.g. RFQ templates have less forms/schedules than ITB/RFP as the latter are formal methods of solicitation).

UNOPS solicitation documents already have a number of forms/schedules in its templates. The below table shows, as an example, the forms included in the RFP template for services/goods and for the measured priced construction contract.

Table 5 | Example of returnable forms/schedules in solicitation templates

Returnable forms (RFP template for services/goods)	Returnable schedules (RFP template for measured priced construction contract)
<ul style="list-style-type: none"> ▪ Proposal/No Proposal Confirmation Form ▪ Checklist Form ▪ Offeror Information Form ▪ Joint Venture Partner Information Form ▪ Proposal Submission Form ▪ Financial Proposal Form ▪ Technical Proposal Form ▪ Proposal Security Form ▪ Format for Resume of Proposed Key Personnel ▪ Performance Statement Form ▪ No Adverse Action Confirmation Form ▪ Statement of Exclusivity and Availability 	<ul style="list-style-type: none"> ▪ Proposal Form ▪ Form of proposal security ▪ Bidder's details ▪ Bill of quantities ▪ Bidder preliminary programmes ▪ Proposed project team and organizational structure ▪ Insurances ▪ Capacities, experience, work in hand and work completed ▪ Implementation/quality management system proposals ▪ Health and safety management system ▪ Environmental management system ▪ Proposed sub-contractors and suppliers ▪ Proposed sources of naturally occurring materials ▪ Outline statements of proposed methods ▪ Declaration ▪ Conflicts of interest ▪ Dispute details ▪ Addenda to the RFP

Further considerations:

- For works, the project specific information resulting from the design documents must be inserted into the schedules that form part of the solicitation document. The schedules describe the project specific and technical information to be incorporated prior to issuing the within the schedules and annexed to the contract. If there are too many documents to be included in the schedules, appropriate documents, – e.g. drawings, general/particular/technical specifications and UNOPS internal guidelines and procedures manuals – can be incorporated by reference within the schedules and annexed to the contract. Whenever this is done, the schedule must clearly identify the documents by author, title, date and revision number. Care must also be taken that the content of the schedules is consistent with the general and particular conditions of the contract. The schedules also contain certain forms of agreements, guarantees and warranties. The number and content of the schedules will vary depending on each of the contract types. The schedules include guidance notes detailing the information that must be inserted. It is important that the schedules are completed in sufficient detail to enable bidders to understand UNOPS requirements for the project and their obligations;
- Once the bidders have completed the requested information as specified in the solicitation document, and a contract has been awarded, the information contained in these schedules of the successful contractor will form part of the contract to be signed. Guidance notes are included in the returnable bid schedules instructing the bidders on the information they must submit with their bid. These instructions must be amended for each project to ensure the requested information is consistent with the technical and commercial requirements of the project.

6.5.6 Contractual information

- a) A copy of the relevant UNOPS GCC applicable to the contract must either be included with the solicitation documents, or else reference must be made to the UNOPS GCC available on the UNOPS public website. The UNOPS GCC clarify which conditions the suppliers are expected to accept when signing a contract with UNOPS. In the case of construction works, the GCC are included as a fixed and non-changeable part in each of the six FIDIC-based contracts especially adapted for UNOPS. The GCC for the use of goods and services are not applicable for contracting of works;
- b) The solicitation documents must state that bidders must submit any reservations to UNOPS standard contract terms, including but not limited to the GCC, together with their bids, and that failure to submit such reservations will be deemed by UNOPS as acceptance of all said contract terms;
- c) Special conditions are always in addition to particular contractual requirements related to the specific solicitation. A Legal Advisor must clear any special terms and conditions contradicting or modifying the GCC prior to issuance of the solicitation documents;

- d) For UNOPS contracts for works, these special terms and conditions are referred to as the ‘particular conditions’ and must always be cleared by a UNOPS Legal Advisor. They should be incorporated in certain circumstances where additions are required to the GCC for a specific works package, either prior to issuing the contract to bidders, or following negotiations with the selected contractor;
- e) For contracting of services and works, a copy of the relevant UNOPS model contract must always be included with the solicitation documents and relevant contract schedules must be filled in prior to the tender process;
- f) The standard contract allows suppliers to know the terms and conditions of the specific agreement before submitting an offer, and to understand the type of contract they would be expected to sign if selected as a supplier to UNOPS;
- g) The rest of the necessary and more specific information about the works is included in the schedules as an integral component of the works contract;
- h) When purchasing goods, a copy of the relevant packing and shipping instructions may be included with the solicitation documents where relevant. The packing and shipping instructions are important to the supplier when bidding, as they include instructions about packaging, marking and numbering of the shipment, notification of shipment, documentation required for custom clearance and payment purposes, and invoicing;
- i) Price and payment information, such as whether a contract will be signed based on fixed price/lump-sum or cost reimbursement, must be included;
- j) If applicable, the forms for performance security guarantee and /or advanced payment guarantee must be included.

6.6 Invitation of vendors

After the solicitation documents have been prepared and completed, the following steps must be undertaken before the documents are distributed.

6.6.1 Approval of solicitation documents

The solicitation documents must be approved by a PA prior to advertisement and in the case of formal methods of solicitation (ITB and RFP) a pre-clearance by a procurement reviewer must be conducted prior to such approval (see [2.6 Procurement reviewers](#)).

6.6.2 Distribution of solicitation documents

Under open competition, the solicitation documents shall be issued and distributed simultaneously to all potential suppliers identified during market research (by mail, courier, fax, or email), and be made available electronically on the internet and UNGM, so that all bidders are given the same opportunity to respond. They must also be made available to all interested suppliers upon request.

In a limited competitive process, where only selected suppliers may participate in the solicitation, the solicitation documents shall be made solely available to short listed suppliers. The short list must be pre-cleared by a procurement reviewer and approved by the PA prior to issuing solicitation documents.

If the solicitation documents are issued electronically, procurement officials must make sure that the documents are issued in limited editing format. In addition, the solicitation document must include a clause stating that UNOPS takes no responsibility for effective delivery of the electronic document (see [6.10 E-tendering](#)).

In a national/regional competition, documents can be made available to the suppliers for collection at a UNOPS location during business hours, and suppliers can be informed accordingly.

A signed copy of the solicitation documents must be kept on file by UNOPS together with documentation on where and how long it was posted (e.g. print outs of screen shots from unops.org and UNGM posting), and to whom it was issued (e.g. fax receipts, copies of emails, courier receipts, etc.) to facilitate an audit of the process.

6.6.3 Confidentiality of the short list

In order to safeguard the principle of competition, UNOPS shall not disclose the names of any short-listed companies in limited competition (see [6.2.2 Limited international competition and limited national/regional competition](#)) where the solicitation documents are only made available to a short list of selected suppliers.

6.6.4 Amendments to solicitation documents

At any time before the deadline for submission of offers, UNOPS may, for any reason, whether on its own initiative or following a request for clarification by a supplier, modify the solicitation documents. Pre-bid meetings must always be documented by meeting minutes, which then become part of the solicitation documents.

Amendments to solicitation documents must be approved by the PA and in the case of formal methods of solicitation (ITB and RFP) a pre-clearance by a procurement reviewer must be conducted prior to such approval.

The amendment must be made within a reasonable time before the deadline for submission of offers in order for suppliers to address changes in their offers. In certain cases, amendments will justify an extension of the submission deadline. This should be assessed on a case-by-case basis.

In order to ensure that all suppliers have the same details, amendments of solicitation documents must:

- a) In the case of a limited competition, be sent simultaneously in writing to all invited suppliers;
- b) In the case of an open competition, be uploaded to the UNOPS website.

Substantial changes to the requirements may lead to re-tendering.

6.6.5 Cancellation of the solicitation process

UNOPS reserves the right to cancel a solicitation without recourse at any time during the solicitation and evaluation process and prior to contract award. The relevant PA must approve all cancellations. Conditions that may give rise to a cancellation are:

- a) The justification for the initial solicitation is no longer valid;
- b) The requirements require material revision;
- c) There is a substantial variance between the lowest bid and the cost estimates.

In the event a tender is cancelled, all bidders must receive written notification and offers will be made available for collection by the respective bidder, or UNOPS shall reserve the right to discard such bids unopened without further notice to the bidders. UNOPS shall not bear any costs associated with returning bids to bidders. The procurement official must make sure that all bid securities are returned to the bidders.

6.6.6 Solicitation of offers in situations of direct contracting under sole sourcing

When direct contracting under sole sourcing is justified (see [6.8 Exceptions to formal methods of solicitation](#), paragraphs ii to x), an offer is requested from only one supplier in accordance with Rule 118.05 (c) of the FRR.

Although the direct contracting modality waives the competitive process, this method does not diminish the responsibilities and accountabilities of personnel involved in the procurement process. Under the direct contracting modality a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at a reasonable price.

The following procurement actions shall still be required: (a) writing the requirements definition; (b) soliciting an offer from the selected vendor based on the requirements definition and the UNOPS General Conditions of Contract; (c) evaluating the offer (see [8.8.4 Review of offers received in situations of direct contracting or sole sourcing](#)) and carrying out negotiations if applicable (see [8.9 Negotiations](#)); and (d) awarding the contract through the appropriate PA, including prior review by a Procurement Reviewer or CPC as applicable.

Since there is no competition to speak of in a direct contracting approach, the use of standard solicitation documents (RFQ, RFP, ITB,) when requesting an offer in (b) above is not necessary, however in order to facilitate the evaluation process, procurement officials can request the supplier to provide information on either a simplified solicitation document or directly through relevant returnable forms/schedules from the solicitation templates.

6.6.7 Solicitation of offers against LTAs

If a long-term agreement (LTA) has been established by UNOPS (see [11.4 Long-term agreement \(LTA\)](#)) or by other UN entities (see [14.1.3 UN entity long-term agreements](#)) for the goods or services required in a specific case, offers should be solicited from vendors, depending on the LTA's set-up (see [11.4.2 Types of LTAs](#)), i.e.:

- *Single vendor LTA, or multiple vendor LTA without secondary bidding.* Procurement officials can contact the LTA holder directly to confirm its offer for this specific requirement in accordance with the prices and other terms and

conditions of the LTA. Or, if the terms and conditions are clear, a call-off order may be issued directly (see [11.4.6 Call-off orders against a LTA](#)).

- *Multiple vendor LTA with secondary bidding.* Important considerations for solicitation of offers under secondary bidding:
 - For all secondary bidding exercises equal to or above US\$5,000, it is mandatory to use of a RFQ template (which could be a simplified version of the standard RFQ template for goods and services);
 - The item description shall include the item reference as included in the LTA;
 - Offers resulting from a secondary bidding exercise do not need to be submitted to a secure email/fax number or sent in a sealed envelope, regardless of its value, unless so decided by the Procurement Authority;
 - A note to the file, signed by the relevant PA, justifying the final selection decision should be included in the file to document the approval of the resulting call-off order(s).

LTAs can be used only for ordering the goods or services specified in that LTA. If other goods or services are required from that supplier then other solicitation methods must be followed.

6.7 Communication with vendors

During the tender period, no communication regarding the contents of the solicitation documents or proposals is permitted between potential suppliers and UNOPS, except through the methods of handling queries as described below.

Queries from suppliers must be handled through written correspondence and/or by a pre-bid conference followed up by written minutes made available to all potential bidders. Suppliers requiring clarifications to the tender documents must submit their queries in writing to UNOPS. UNOPS will prepare and dispatch written replies to such queries, and make all replies known, together with the text of the queries, to all suppliers at the same time, without referencing the source of the queries.

For technically complex acquisitions, a pre-bid conference between UNOPS and the suppliers could be held in addition to, or instead of, issuance of written clarifications. Such a conference could be a meeting (in person or remote) or a site inspection.

When conducting a pre-bid conference or site inspection, the following instructions must be adhered to:

- a) A time for the conference and/or site inspection must be stated in the solicitation document, allowing sufficient time for all suppliers to plan attendance of the conference and/or site inspection;
- b) Pre-bid conferences or site inspections are not mandatory unless valid reasons exist for making such events mandatory (in which case this must be clearly specified in the tender document). If such pre-bid conference or site inspection is not mandatory, then non-participation of bidders to pre-bid conference or site inspection is not cause for eventual bid rejection. If participation in the pre-bid conference or site inspection is mandatory, care must be taken to require participation in the pre-bid conference or site inspection in a manner that is non-discriminatory;
- c) The representatives who choose to be present during pre-bid conference or site inspection shall provide reasonable evidence that they represent the potential bidder; e.g. business card, letter of authorization, etc.;
- d) UNOPS officials will prepare a list of the representatives attending the pre-bid conference or site inspection and obtain their signatures on the same, or document their attendance, e.g. via Skype. The list shall also contain the representatives' names and corresponding bidders' names. All participants, if attending in person, must sign the list and indicate the date and time;
- e) UNOPS personnel in attendance, the observers from the client/donor and the bidder representatives present should be introduced;
- f) With regard to submission of bids, supplier representatives should be reminded of important considerations such as the need to:
 - Provide in their bid contact details, e.g. name, email address and phone number, of the persons to be contacted during subsequent bid evaluation;
 - Carefully review the tender requirements;
 - Indicate as early as possible if there are requirements (e.g. specifications) in the tender document that do not seem reasonable so that UNOPS can revert to the client in a timely fashion and request amendments to be issued, if justified;
 - Always check regularly for amendments to avoid quoting for wrong specifications, wrong quantities, etc. which might result in bids being rejected;

- UNOPS personnel should also highlight to participants at pre-bid conferences the types of errors commonly made by bidders as well provide other advice regarding the making of a valid bid.

For works, it is recommended to prepare a pre-bid conference with the purpose of clarifying to bidders the most relevant points that they have to understand about UNOPS contracts for works, such as the different roles and milestones established in the contract; securities and insurances that must be provided; and the process for payments, retentions, claims and variations. Providing the necessary bid background, a better understanding of UNOPS expectations, and a basic understanding of the required contract management will lead to a better quality of bid and reduce misunderstandings that might later lead to delays in project execution and reduced value for money.

The necessity of site visit for works should be decided after common discussion and agreement between procurement and the project managers based on a case by case basis.

- With regard to supplier eligibility, participants should be verbally advised that bids from ineligible suppliers (see [3.3 Vendor ineligibility](#)) will not be considered. Suppliers should be informed of UNOPS expectation that its suppliers embrace the principles of social and environmental sustainability and strive for continuous improvement;
- Written queries from suppliers may be sent to UNOPS prior to the conference or inspection. Responses to the written questions shall be given orally during the conference or inspection;
- Within a reasonable time after the conference or inspection, UNOPS must send, concurrently to all suppliers, whether present at the conference/site inspection or not, a full set of the approved minutes recording all queries and formal replies. The minutes shall prevail over any oral responses provided during the conference or site inspection. Also, in case of discrepancy between the provisions of the solicitation document and the minutes of the pre-bid conference or site inspection, the latter shall prevail over the former. Therefore, the same PA approving the solicitation document must approve the minutes. In the case of open competition the approved minutes must be posted on the UNOPS and other websites, as applicable;
- If, due to geographical considerations, it is necessary to hold pre-bid conferences in more than one location, such meetings shall take place simultaneously (or at least within the same day) and the same information shall be provided to all suppliers. Minutes of the meetings must be shared with all suppliers;
- If the clarifications given during the meeting alter the requirements, amendment of the submission deadline should be considered, and a formal amendment to the tender document must be issued reflecting the change;
- Certain types of information, such as UNOPS cost estimates or proprietary data, shall never be released and requests for such information shall be rejected.

6.8 Exceptions to competitive tendering or formal methods of solicitation

6.8.1 Exceptions

In accordance with Financial Rule 118.05(c), when a decision is made pursuant to Financial Rule 118.05(a), the ECPO or authorized personnel may record the reasons in writing and may then award a procurement contract – either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract – to a qualified contractor whose offer substantially complies with the requirements at an acceptable price.

Further to Rule 118.05(a), the ECPO or authorized personnel may determine, for a particular procurement activity, that using formal methods of solicitation is not in the best interests of UNOPS and its clients when:

- The value of the procurement is below a specified monetary threshold established for formal methods of solicitation*
 - As defined in Financial Rule 118.04, formal methods of solicitation are: ITB and RFP, for requirements equal or above US\$50,000 (except for EPP);
 - For requirements below the threshold of US\$50,000, an informal method of solicitation may be used, i.e. shopping for requirements less than US\$5,000 and RFQ for requirements not exceeding US\$50,000.
- There is no competitive marketplace for the requirement, such as where a monopoly exists; where prices are fixed by legislation or government regulation; or where the requirement involves a proprietary product or service*
 - Prices or rates are fixed by legislation or government bodies, e.g. in cases of state monopoly or tariffs. In order to justify fixed prices or rates, the name of the regulatory body or law that controls rates or

established prices must be included in each request for award and, if available, a current price/rate schedule be provided.

Proprietary product or service refers to situations where only one source can reasonably meet the needs of UNOPS, in situations where:

- Proprietary items subject to legal restrictions (i.e. patents and copyrights) are to be procured;
- Matters involving national defence or national security rendering single- source procurement the most appropriate method of procurement;
- The goods or construction works are available from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods or construction works and no reasonable alternative or substitute exists.

Justification required: explanation of why other potential sources do not exist and reasonableness of price (e.g. comparison with previous purchase prices).

iii. *There has been a previous determination with regard to an identical procurement activity, or there is a need to standardize the requirement following recent procurement activity*

- a) Previous determination means the product to be purchased is determined by a previous purchase, e.g. a piece of equipment was previously purchased and components that can only be obtained from the manufacturer must now be replaced; or complex services were purchased from a vendor and only the vendor who performed the initial services can realistically provide the required additional services;
- b) Standardization shall be acceptable when identical goods, equipment or technology have recently been purchased from a supplier or contractor, and it is determined that there is a need for compatibility with existing goods, equipment or technology or works. The effectiveness of the original procurement in meeting the needs of UNOPS or its client, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price, and the unsuitability of alternatives to the goods in question shall always be taken into account and justified;
- c) It should be noted that branding is not necessarily a justification for exceptions. A competitive process should be undertaken if multiple sources of supply exist.

Justification required: explanation of the previous determination or reasons for requiring standardization and reasonableness of prices, e.g. comparison with previous purchase prices and comparison with prices of equipment from other suppliers equivalent in performance.

iv. *The proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to Financial Rule 118.02 (c) or governments and organizations other than those of the United Nations system, pursuant to Rule 118.02 (d)*

- a) The ED may in appropriate cases, authorize cooperation with a United Nations agency in respect of procurement activities. Reliance on another United Nations agency's procurement decision under Financial Rule 118.05 (a) (iv) applies to a situation where a United Nations agency has awarded a contract to an entity, and UNOPS chooses to rely on that decision to award its own contract;
- b) The primary distinction between this situation and pre-selection is the absence of instructions by the funding source for the former; in other words, the voluntary nature of the reliance by UNOPS on the other United Nations agency's procurement decision.

If the proposed procurement contract is a call-off order against other UN organization's LTA, no further independent contract review or internal request for award is required. See further instructions on placing call-off orders against LTAs in section [11.4.6 Call-off orders against a LTA](#) and documentation required under section [14.1.3 UN entity long-term agreements](#).

When UNOPS is relying on another United Nations agency's procurement decision in order to issue a contract (other than a call-off order against an LTA) internal request for award or contracts and property committee review is required depending on the value of the proposed procurement contract (see [14.1.2 Re-use of UN entity tender results](#) for more details) and if UNOPS will establish its own LTA relying on another UN agency's procurement decision, then HQPC review is required with the exception of valid LTAs which are to be/have been transferred from another United Nations Organization when that has been agreed in an Agreement. LTAs that are recommended under exception require the no objection of the General Counsel.

v. *Offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered by the proposed contractor remain competitive*

- a) The reasonable period in relation to the use of a previous competitive method of solicitation shall be limited to six months after the contract signature date, unless otherwise justified considering the specific market;
- b) For goods where the price fluctuates rapidly (raw material, petroleum products, some IT equipment, etc.) the competitiveness of the price must always be properly justified;
- c) For works, 12 months after the contract signature date, shall be considered 'a reasonable period' for the purpose of interpretation of this clause. Longer periods cannot be considered unless proper justification is provided;
- d) This provision may not be applied if the respective offer has been obtained using EPP unless the new requirement is for a follow-on requirement for the original emergency, or is a requirement supporting a response to a new emergency.

Justification required: detailed summary of the use of a previous formal method of solicitation and its outcome; reasonableness of price and prevalent market rates in the area.

vi. *A formal solicitation has not produced satisfactory results within a reasonable prior period*

- a) The 'prior period' refers to the time elapsed since the closing date for submissions of the failed competitive process;
- b) The length of the 'reasonable prior period' for the applicability of this exception will vary depending on the nature and type of goods, services or works; the market conditions; the likelihood of attracting new suppliers if a re-tender was to be conducted; security and working conditions in the region to which the goods/services/works are to be supplied, and any other factor influencing the decision;
- c) In relying on this clause, the PA must ensure that market research was done and be fully satisfied that a re-tender will not yield satisfactory results. The PA must also make sure all facts are placed on record in the justification note;
- d) The PA shall note that under no circumstances must 'reasonable prior period' for the application of this exception exceed six months from the closing date for submissions of the failed competitive process.

Justification required: detailed summary of the competitive process and its outcome; reasonableness of price and prevalent market rates in the area.

vii. *The proposed procurement contract is for the purchase or lease of real estate property*

- a) Selection of location is based on security considerations.

Justification required: reasonableness of price (e.g. contacting companies specialized in commercial real estate services); confirmation of potential for MOSS compliance, clearance from UNDSS, etc.; evidence of market research into available premises; and justification for choosing these premises.

It should be noted that legally 'lease' does not include the right to occupy hotel rooms: the correct term would be 'licence'. However, in consideration of valid reasons such as security, the interpretation of 'lease' is extended to include the right to occupy hotel rooms, as it is unrealistic to expect hotels to take part in a formal bidding process for lease arrangements.

viii. *There is genuine exigency for the requirement*

- a) The exigencies of service must be beyond the control of UNOPS, i.e. emergency situations or force majeure, or other compelling circumstances which are not due to lack of planning or slow administrative process within UNOPS.

Justification required: an explanation of how exceptions to formal methods of solicitation will meet the schedule and the adverse impact the UNOPS operation might suffer if the delivery schedule were not thus modified, confirmation of reasonableness of price through comparing prices with previous purchase prices, etc. justification for selecting this particular supplier as opposed to any other.

Exigencies stemming from a lack of planning or a slow administrative process within UNOPS are not valid grounds to invoke this exception.

ix. *The proposed procurement contract relates to obtaining services that cannot be evaluated objectively*

Services of specific individuals not available through personnel contracts including for instance:

- A service contract entered into with a company due to availability of a specific expert working at that company;
- A contract with the purpose of research, experiment, study or development leading to the procurement of a prototype, except where the contract includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs;
- Services of specific suppliers to obtain cutting-edge technology or other new methodologies where there is no basis for reliable comparison.

Justification required: explanation as to why this specific individual or company is the most suitable to carry out the services and reasonableness of price.

x. *The ECPO or authorized personnel otherwise determine that a formal solicitation will not be in the interest of UNOPS nor produce satisfactory results, including, but not limited to, situations where the proposed contractor is pre-selected by the funding source pursuant to Rule 118.02(e)*

- a) Commodities in scarce supply can be immediately procured at prices not likely to be maintained;
- b) Extension of scope of works, services or goods requested in an original contract, made through an amendment in order to ensure continuity. Justification for continuity of work required, i.e. why a new solicitation would not give satisfactory results, and confirmation of reasonableness of prices, e.g. comparison with previous bids, etc.

The reasons provided above for invoking each of the exceptions grounds under the Financial rule 118.05(a) are not exhaustive and may include any other reason as determined by the ECPO or authorized personnel.

6.8.2 Pre-selection

UNOPS FRR allow for the pre-selection of contractors or implementing partners by the funding source (Rule 118.02(e): “Pursuant to the project agreement and subject to review by a contracts and property committee(s), where necessary in accordance with these Financial Regulations and Rules, the ECPO may authorize the issuance of contracts in reliance on the prior selection of a contractor or implementing partner by the funding source”.)

Pre-selection is where a funding source has, in compliance with its own applicable rules, regulations and procedures, selected a supplier for a particular activity or set of activities within the framework of an engagement, and requested UNOPS to engage that supplier. As any pre-selection shall be outside UNOPS control, the funding source must agree that UNOPS shall not be accountable or otherwise carry any liability for the performance of the pre-selected supplier.

UNOPS may only accept pre-selection from funding sources that are either UN entities, international financial institutions, e.g. World and Regional Development Banks, reputable intergovernmental organizations, or governments with a Corruption Perception Index of 50.0 or more as measured by Transparency International. Pre-selection by governments that do not meet this criterion must be approved by the ECPO or an ECPO-nominated official.

Pre-selection may be undertaken by either naming a specific supplier in the project agreement, or through an official letter naming the supplier following signature of the project agreement during the implementation of the engagement. An official of the same rank as the official who signed the project agreement must sign this letter. A lower-level official can also sign this letter, but only if an official of the same rank as the original signing officer has confirmed to UNOPS in writing that the lower-level official is authorized to act in procurement matters on behalf of the funding source. In addition, the funding source and UNOPS may agree to specify in the project agreement that, during the implementation of the engagement, the funding source will select suppliers in compliance with the above-mentioned principles, and shall duly notify UNOPS of this pre-selection. In this case, the project agreement must specify the official(s) who are authorised to notify UNOPS of this pre-selection in the letter of pre-selection implementation.

Although it is usually the funding source that undertakes pre-selection, the funding source may delegate authority to pre-select suppliers in accordance with the delegate’s rules, regulations and procedures. In addition, the pre-selecting entity must have legal personality so that it is able to accept liability for the pre-selected entity’s performance. Entities such as project steering committees or project boards are unable to undertake pre-selection since they do not possess legal personality, even if they comprise representatives of the funding sources. In such situations, each of the funding sources may delegate authority to pre-select to another entity possessing legal personality.

The PA must be satisfied as to the reasonableness of costs of a pre-selected contractor; save in the case where the funding source has already indicated the amount to be paid.

For more detailed instructions on pre-selection consult AI/PM/2009/01 Engagement Acceptance.

Pre-selection should not be confused with the no objection mechanism (refer to section [9.4 Scope of review of CPC](#) for details):

- Type of partner/client. Pre-selection may be done with a wide variety of client organizations, whereas the no objection mechanism is limited to funding sources from the United Nations system including International Financial Institutions;
- Who undertakes the procurement process. In the case of pre-selection, it is the funding source who carried out the selection process, whereas in the case of the no-objection mechanism, it is UNOPS who has carried it out;
- CPC review requirements. OD 16 provides that the CPC thresholds for the review of pre-selection cases are the same as for formal methods of solicitation. In the case of the no objection mechanism CPC review is normally not required, subject to specific provisions. Refer to section [9.4](#) for details.

6.9 Emergencies

Please refer to section [15.4 Emergency Procurement Procedures \(EPP\)](#) for instructions relating to the solicitation process under EPP, as well as other stages in the procurement process.

6.10 E-tendering

E-tendering at UNOPS is understood as conducting a tender procedure by either a) using email/fax, or b) using the UNOPS eSourcing system. These can be an effective way to improve efficiency and effectiveness of the procurement process as well as improving the environmental characteristics of the tendering process.

Electronic bids or e-bids are legally binding as long as they are endorsed by the authorized representative of the bidder and are submitted in a file format as determined by UNOPS in the tender documentation. It is not mandatory to submit bids in hard copy unless it is a requirement in the project agreement between UNOPS and its clients.

It is important to note that the deadline stated in the tender documentation applies equally to hard copy and electronic tender submission. In case of bid submission by email or UNOPS eSourcing, the receipt time stamp shall be the date and time when the submission has been received in the dedicated UNOPS inbox servers or via fax. UNOPS shall not be responsible for any delays caused by network problems etc. It is the sole responsibility of bidders to ensure that their bid is received by UNOPS in the eSourcing system or dedicated inbox or fax on or before the prescribed tender deadline.

Bidders should check any documents for viruses prior to downloading them from the email received, UNGM or the eSourcing system, though UNOPS shall take every reasonable step to ensure that it does not upload corrupt tender documentation.

UNOPS is not able to consider electronic documents where the document contains a virus, or for any reason is corrupt or unreadable. Immediately prior to uploading documents to the eSourcing system or submitting them by email, bidders are required to check the electronic files forming their vendor submission for viruses using current virus checking software and to remove all viruses from any such files. UNOPS will not be liable or responsible for the loss, damage, destruction, corruption or illegibility of documents in any electronic submission however caused.

The requirement for documentation of the solicitation process, filing, (see [13.9 Maintenance of files](#)) shall not be interpreted to restrict the use of any electronic means of data interchange, provided the electronic media uphold the procurement principles and allow for adequate audit trail of the procurement process (see also [7.1 Receipt and safeguarding of submissions](#)).

If the tender documentation does not allow electronic submissions, any submission received by electronic means will be rejected. Similarly, if the tender is carried out using the eSourcing system, and unless specifically allowed for in the tender documentation, submissions received by email or hard-copy will be rejected.

a) Tendering using email/fax

It is possible to give bidders the opportunity to submit their offers by email and/or fax when formal methods of solicitation are used. For these submissions, a dedicated email address and/or fax number must be set up, and it must be clearly stipulated in the solicitation documents that offers sent to any other email or fax will be rejected. Individuals not directly involved in the procurement process, and duly authorized by the head of the relevant UNOPS business unit, must have sole access to the secure email or fax. This implies that the email must be password protected and that the fax machine must be placed in a locked and secure place, with only designated individuals given access to the password and/or key. Bids received via email should not be opened prior to the bid deadline or official opening in order to avoid compromising their confidentiality.

Also, the distribution of UNOPS solicitation documents may be performed electronically. Here, the guiding principle remains the same: the fair treatment of all suppliers, i.e. invitees must receive the same information at the same time.

If solicitation documents are issued electronically in a limited competitive process, due diligence should be exercised to ensure that the names of short-listed suppliers are not disclosed to the other invitees, e.g. by sending individual emails to each supplier on the list. Alternatively, address the email to yourself and blind carbon copy (BCC) all invited suppliers. However, ensure that the printout of the email showing all email addresses is kept on file for audit purposes.

b) Tendering with UNOPS eSourcing system

UNOPS started to progressively implement an e-tendering system (UNOPS eSourcing) in mid-2016. The system handles on-line five procurement process stages (sourcing, solicitation, management of submissions, evaluation, and procurement review and award) and is achieving organizational benefits such as increasing efficiency (for UNOPS and our vendors); generating useful data to enable strategic decision making; enhancing integrity and transparency; assuring consistency of practice and facilitating policy compliance; and aligning UNOPS with international best practices.

UNOPS eSourcing is integrated with the United Nations Global Marketplace (UNGM). In order to access the full UNOPS tender details, request clarifications on the tender, and submit an offer to a tender using the system, vendors need to be registered as a UNOPS vendor at the UNGM portal and be logged into UNGM. For guidance on how to register on UNGM and submit offers to UNOPS tenders in the UNOPS eSourcing system, vendors are requested to consult the user guide and other support materials available at: <https://esourcing.unops.org/#/Help/Guides>. UNOPS acknowledges that adoption of the system also represents a change for our vendors and appreciates their effort in using the system and providing valuable feedback.

UNOPS eSourcing has been designed to be fully compliant with the policies and procedures set out in this procurement manual. If any specific provision is handled differently in eSourcing, this will be spelled out in the relevant section of the manual.

All UNOPS solicitation processes (RFQ, ITB, RFP) with an estimated value of US\$5,000 or above, and any request for expression of interest (EOI) or invitation for pre-qualification must be carried out in the UNOPS eSourcing system as of 1 January 2018. The only exceptions to this requirement are as listed below, where usage of the system is optional:

- Procurement processes done under Emergency Procurement Procedures (EPP);
- Procurement processes done further to an exception to the use of formal methods of solicitation under FRR 118.05(a) (viii), i.e. when there is genuine exigency for the requirement;
- Procurement further to pre-selection;
- Secondary bidding processes under LTA;
- Procurement of works for estimated value US\$1 Million or above;
- Procurement under advisory services projects, where UNOPS does not sign the contract;
- Procurement under FRR 118.04, where the Executive Director has agreed to apply the regulations, rules, policies and procedures on procurement of any partner or entity;
- Other situations, subject to a waiver approved by the Director, PG, such as documented cases of low internet connection and/or capacity of vendors in a specific business unit or project.

Chapter resources

UNOPS policies	EOD.ED.2017.04 - Financial Regulations and Rules AI.IPMG.2016.01 – Design Review and Compliance with UNOPS Design Planning Manuals AI.PM.2009.01 – Engagement Acceptance
Guidelines	Shopping guidelines BPA Guidelines Sustainability RFP
Templates	RFQ Goods/Services RFQ Minor Works Contract ITB Goods/Services ITB Minor Works Contract ITB Short Form Contract ITB Measured Price contract ITB Lump sum contract RFP Services/Goods RFP Short Form Contract RFP Measured Price Contract RFP Lump Sum Contract RFP Contract for Consultancy Services for Works
Other useful resources	UNGM UN Web Buy Plus <i>Intranet site:</i> eSourcing



7

MANAGEMENT OF SUBMISSIONS

7 Management of submissions

7.1 Receipt and safeguarding of submissions

It is the responsibility of suppliers to ensure that offers are submitted to UNOPS in accordance with the stipulations in the solicitation documents. Submissions⁹ can be received by mail, secure fax, dedicated email (i.e. a specific fax number or email address) or through the UNOPS eSourcing system. See [6.10](#) for more details on e-tendering. If offers are delivered by hand, UNOPS must issue a receipt stating the date and time of delivery.

For procurement values equal or exceeding US\$50,000 (except for RFQs under secondary bidding under a LTA, as per section [6.6.7](#); RFQs under Emergency Procurement Procedures under section [15.4](#); and processes done with the eSourcing system) an individual not directly concerned with the procurement function must be appointed to receive all offers. The individual must be named in writing by the head of the relevant UNOPS business unit and must be informed of the importance of confidentiality and integrity in the bid receipt process. All bids or proposals must be stamped with time and date of receipt, registered in an offer receipt report, and placed in a locked container, such as a cabinet or safe, until the opening of offers. Access to the container shall be limited to personnel not directly concerned with the procurement function and duly authorized by the head of the relevant UNOPS business unit.

When formal methods of solicitation are used, offers received by dedicated fax and email must be treated with the same degree of control as offers received by post or delivered personally. In particular, individuals directly concerned with the procurement process must not have access to the offers until the time of bid opening. For tenders using eSourcing, this requirement is not applicable as the system automatically safeguards the submissions received, records the date/time submitted, and does not grant access to the submissions to the UNOPS evaluation team until the deadline for submission has past and bid opening has been carried out. For more information, see [2.8 Segregation of duties](#) and [6.10 E-tendering](#).

7.2 Modification and withdrawal of submissions

7.2.1 Modification of submissions

Bidders may modify their offers in writing prior to the submission deadline. The modification shall be submitted as per the submission instructions, and shall be treated like any other offer by UNOPS.

7.2.2 Withdrawal of submissions

Withdrawal of submissions by the suppliers can only be accepted if UNOPS is notified in writing prior to the announced deadline for submission of offers. The withdrawn offer shall be separated from the other bids/proposals prior to bid opening, and shall not be opened.

Withdrawal of submissions after the announced deadline shall in principle not be honoured, and in such cases UNOPS shall open and evaluate the withdrawn offer together with the other offers. If the supplier has furnished a bid security, UNOPS shall withhold it. If the offer is selected after an evaluation, the bid security must be cashed, unless the supplier is willing to provide the goods/services/works offered in its original submission. If no bid security was requested, the issue must be resolved through negotiations: legal advice should be sought from a Legal Advisor, as required.

If the supplier is able to justify the withdrawal of its submission, UNOPS may accept withdrawal after the submission deadline. An acceptable justification could be the lack of capacity to undertake the UNOPS assignment due to selection for other assignments in the same period. If the supplier could not have foreseen this, informing UNOPS of its capacity problem might be construed as responsible action and thus UNOPS could accept the withdrawal of submission. Further, it should be considered whether it is in the interest of UNOPS to hold the supplier to its offer after it has sought to withdraw. This consideration should be made by the Procurement Authority with overall responsibility for that procurement process.

⁹ Submission, along with offer or tender, is a generic term for bids, quotations and proposals, received from a supplier in response to solicitation documents. At UNOPS, the term 'submission' is also commonly used to refer to a submission for review made to a CPC.

Regardless of whether or not the withdrawal is justified, withdrawal of submission after the announced deadline for submission is a serious matter. If not acted upon by UNOPS, suppliers may speculate by submitting favourable offers in the tender process, and then withdraw them if the market conditions have changed to the supplier's disadvantage, e.g. market prices of the product have increased from the time of the submission deadline. Therefore, in cases where offers are withdrawn after the deadline (or where supplier requires to modify their submission after the deadline), suppliers shall always be given a written warning that this is unacceptable to UNOPS and that it may exclude the supplier from future UNOPS tenders. A second warning to a supplier may result in exclusion from future UNOPS tenders. Procurement officials must consult with a Legal Advisor before issuing such warnings. A copy of the letter should also go to the Vendor Review Committee (VRC) so that systemic problems with a vendor can be addressed or, if necessary, action to disqualify the vendor can be taken.

7.3 Late and unsolicited submissions

7.3.1 Late offers

UNOPS will not accept submissions after the stated deadline for submission. The following exceptions aside, submissions received after the designated date and time should be rejected, noted in the bid opening report by the bid opening panel and handled in accordance with section [7.5 Rejection of submissions](#).

Any submission, modification, or withdrawal of a submission received by UNOPS after the exact time specified for the receipt of submissions in the tender document is 'late' and will not be considered unless it is received before award is made, and:

- a) There is acceptable evidence to establish that it was received at the UNOPS location designated for receipt of submissions and was under UNOPS control prior to the time set for receipt of bids;
- b) If an emergency or unanticipated event interrupts normal UNOPS processes and operations so that submissions cannot be received at the designated UNOPS location by the exact deadline, and urgent UNOPS requirements preclude amendment of the submission deadline and/or bid opening date. In such cases, the deadline will be extended to the same time of day specified in the solicitation document on the first work day on which normal UNOPS operations resume (unless prior to the resumption of normal operations the bid is extended and/or modified and this is communicated to potential bidders in the normal manner).

Additionally, on a case-by-case basis, the Director, PG may decide to accept late submissions or submissions sent to the wrong location, email address or fax number. In case of late receipt, the Director, PG may accept proposals received after the due date specified in the tender document, but prior to initiation of the evaluation process by the evaluation team if it becomes clear from the submission that the delay has been unintentional and the acceptance does not create the appearance of, or an actual, unfair advantage for any of the participating competitors. The Director, PG must approve acceptance of any submissions received after the due date. Submissions received after the onset of the evaluation process are to be treated as described in the above paragraph and section [7.5](#).

The UNOPS eSourcing system does not allow for bidders to submit their submissions after the deadline. However, the system allows for vendors to prepare draft submissions prior to the deadline (e.g. inserting information on online questionnaires or uploading documents against the document checklists), hence vendors are encouraged to use this functionality to progressively prepare their submissions and don't wait for the last hours/minutes to complete and submit their submissions.

7.3.2 Unsolicited offers

The concept of unsolicited submissions applies only in limited tender processes, i.e. when a number of selected suppliers were short-listed and invited to tender. In the case of open competition, all offers received are considered solicited. In general, unsolicited offers, i.e. offers from suppliers that UNOPS has not invited, may be accepted as long as:

- a) The supplier complies with all the requirements of the solicitation documents (i.e. the deadline for submission, the mode of submission, and all other requirements);
- b) Upon UNOPS request, the supplier submits a written statement certifying that they have received the solicitation documents from persons other than UNOPS personnel, recipient government officials, or a UN consultant. The statement must document the relationship with the persons from whom the solicitation documents were received. If the supplier is replacing one of the invitees, the supplier shall in addition document in writing the reasons for the substitution.

Acceptance of unsolicited offers is entirely at the discretion of the PA, and only the best interest of UNOPS shall guide the possible acceptance of an unsolicited offer. If accepted, the unsolicited offer must be evaluated along with the other offers.

If a formal pre-qualification has been conducted, unsolicited offers must not be accepted. The same applies to unsolicited offers that have been received outside a solicitation exercise. In either case, there is no obligation on behalf of UNOPS to respond to any such offer. For documentation purposes, the unsolicited offer shall be kept on file and not be returned to the supplier.

7.4 Opening and recording of submissions

The opening of submissions must be handled transparently in order to ensure that only valid submissions are evaluated and that all suppliers are treated in a fair and non-discriminatory manner.

Submissions shall be date stamped and opened immediately after the deadline for submission or shortly thereafter. It is recommended that the address for submission and the one for opening of offers are the same or at least close to each other. The bid opening should be undertaken latest by close of business (COB) the next working day and where not possible, the procurement official responsible for the solicitation process must prepare a note to file highlighting the reason for such delay, assessing any possible impact to the process, and have this reviewed signed by the PA.

If during the solicitation period the same bidder submits several superseding submissions, only the last received shall be opened.

Until submissions are opened, they must be kept in a secure and locked location by the individual in charge of bid receipt and shall be handled in a confidential manner. Offers shall not be shared with the evaluation team until bid opening is completed.

The exchange rate used for the conversion of offers is always the official United Nations exchange rate at the date of the deadline for submission.

7.4.1 Bid-opening panel

Submissions are to be opened by a bid-opening panel¹⁰ consisting of personnel designated, in writing, by the PA. The PA may decide to designate personnel to serve permanently in bid opening panels for a particular project/business unit, etc.

In order to ensure impartiality of the offer opening process, a bid-opening panel must consist of a minimum of two individuals, where at least one individual has no involvement in the subsequent stages of the procurement process.

Exceptions to this:

- a) In small offices, where the PA has documented that full segregation of duties cannot be put in place to meet this requirement (see [2.8 Segregation of duties](#));
- b) When using the eSourcing system, where one person (whether involved or not with the procurement process) can undertake the bid-opening function (if so decided by the PA) because the system addresses the main risks associated to the bid registration/opening function: (i) it does not allow for late submissions by bidders; (ii) it is not possible to UNOPS users to access the submissions until the deadline for submissions; (iii) it is not possible for UNOPS users to modify or delete in any way the information and documents submitted by vendors at any stage of the process.

The bid-opening panel shall be provided in advance with a summary of the tendering requirements and all related details, inter alia, the tender due date, tender reference and title, solicitation method, advertising method, as well as the offer receipt report. Submissions cannot be rejected or invalidated at the time of opening by the bid opening panel. However, the bid-opening panel shall reflect any inconsistencies noted in the bid opening report, e.g. late offers. Only the evaluation team in charge of the solicitation exercise may reject submissions based on non-compliance with the stated tender requirements.

During the bid-opening meeting, the bid-opening panel shall identify any immediately detect omissions or defects in the submissions and record them in the bid-opening report.

¹⁰ Bid opening and bid-opening panel are industry terms that without any limitations refer to the opening of bids received in response to an ITB and the opening of proposals received in response to an RFP.

Submissions shall be initialled/signed and dated by all members of the bid opening panel. Handling of submission is in its nature confidential, and it is essential that all information gained in the process be kept confidential.

7.4.2 Opening of quotations (RFQ)

For quotations, no formal submission, receipt, or opening procedure is required.

If a PA believes there are risks associated with this approach, they should be documented; if the risks are deemed to be serious a mitigating procedure should be adopted.

7.4.3 Opening of bids (ITB)

All bids received in response to an ITB must be opened by a bid opening panel appointed by the PA in accordance with 7.4.1 in a formal bid-opening meeting. The PA may decide prior to ITB issuance whether public bid opening is in the interest of UNOPS and such information must be included in the solicitation document. If so, opening shall take place at the time and place specified in the ITB and immediate record shall be made thereof.

Only those who have submitted bids may attend the public bid opening; however, the bidders may authorize a local agent, embassy or trade commission to represent them. In order to be able to attend bid opening, agents representing bidders must provide reasonable evidence (business cards, letter of authorization, etc.) confirming the name of the bidder(s) they represent.

Regardless of whether or not the bid opening is public, a bid-opening report, available to all bidders that have submitted bids, should record the following information for each of the received bids. The bid-opening report template should be used for compiling the bid opening report.

1. Bidder's name and country;
2. Bid security, if requested;
3. Currency of bid (as defined by UNOPS in the ITB), total bid price, and basis for quotation (FCA, CPT/DAP etc., if relevant). When a tender comprises several lots, total prices for individual lots must be recorded;
4. Discounts, if any proposed by the bidder;
5. Comments on incomplete bids or other matters observed by the bid opening panel;
6. Place, date and time of the opening;
7. Names and signatures of the UNOPS bid opening panel;
8. Names and signatures of suppliers present or represented (in the case of public bid opening);
9. Names of any representatives of the client, government or funding source present (in the case of public bid opening);
10. Alternative bids, if submitted in compliance with the ITB, shall be recorded in the same manner as a normal bid.

The bid-opening report must be signed by each member of the bid-opening panel and kept on file for future reference. The report shall be available for viewing by bidders who submitted bids and may be made available electronically if the bidder requests a copy. Disclosure of information to bidders is restricted to only the information contained in the bid-opening report.

7.4.4 Opening of proposals (RFP)

During two-envelope solicitations, financial proposals must not be opened without the completion of a technical evaluation (see [8 Evaluation of submissions](#)), therefore public opening of proposals is normally not done, however may be done if it is a practice in the country of operation and if so approved by the PA. In an RFP, technical proposals are opened as a first step, while the financial proposals are kept sealed by the individual in charge of receiving bids. A separate opening of the financial proposals (preferably by the same bid opening panel that opened the technical proposals) shall be conducted after the completion of the technical evaluation.

The opening of technical proposals is recorded in a report containing the following information:

1. Offeror's name and country;
2. Proposal security, if requested;
3. Comments on incomplete proposals or other matters observed by the bid opening panel;
4. Place, date and time of the opening;
5. Names and signatures of the UNOPS bid opening panel;

6. Names and signatures of suppliers present or represented (in the case of public bid opening);
7. Names of any representatives of the client, government or funding source present (in the case of public bid opening);
8. Alternative proposals, if submitted in compliance with the RFP, shall be recorded in the same manner as a normal proposal.

The technical proposal opening report must be signed by each member of the bid opening panel and kept on file for future reference. The report shall be available for viewing by bidders who submitted offers for a period of thirty days from the date of the opening.

The financial proposals corresponding to those technical proposals meeting or exceeding the set threshold are opened in a separate opening session. The financial proposal opening report must be signed by each member of the financial proposal opening panel and kept on file and include the following information:

1. Offeror's name and country;
2. Currency of proposal (as defined by UNOPS in the RFP), total proposal price, and basis for quotation (FCA, CPT/DAP etc., if relevant). When a tender comprises several lots, total prices for individual lots must be recorded;
3. Discounts, if any proposed by the offeror;
4. Comments on incomplete proposals or other matters observed by the bid-opening panel;
5. Place, date and time of the opening;
6. Names and signatures of the UNOPS bid-opening panel;
7. Names and signatures of suppliers present or represented (in the case of public bid opening);
8. Names of any representatives of the client, government or funding source present (in the case of public bid opening);
9. Alternative proposals, if submitted in compliance with the RFP, shall be recorded in the same manner as a normal proposal.

Once the contract has been awarded, the proposal opening reports shall be available for viewing by bidders who submitted bids and may be made available electronically if the bidder requests a copy. Furthermore, the proposal opening reports will be available only after contract award and will only list prices of the technically compliant offers.

7.5 Rejection of submissions

Only the designated evaluation team may reject non-responsive or invalid submissions (see [8 Evaluation of submissions](#)). Late submissions and modifications that are not considered must be held unopened – unless opened for identification – until after award and then retained with other unsuccessful submissions.

When formal methods of solicitation are used, offers should be rejected if:

- Received by any fax or email other than the secure fax/email specified in the solicitation documents, including instances where the bidder submits to two email addresses at the same time: (i) to the dedicated e-mail address as requested in the solicitation document and (ii) to the purchasing official or other UNOPS personnel directly;
- Received at any other location or by any person other than specified in the solicitation documents;
- Received after the deadline for submission of bids stated in the solicitation documents;
- Sent via the correct route after having been previously rejected.

(See [7.3.1](#) for details on exceptions to these rules.)

The procurement official in charge of the solicitation exercise must ensure that the bid security contained in any rejected/unsuccessful submission be returned to the bidder promptly following contract award.

If available, the following must be included in the contract files for each rejected bid:

- The date and hour of receipt;
- A statement of whether the bid was considered for award, with supporting rationale;
- The envelope.

7.6 Post-opening

In order to safeguard the integrity of the procurement process, immediately after opening the submissions, and irrespective of method of solicitation and value, all submissions submitted in hard copy must be kept in a locked office or cabinet and only shared with the appointed evaluation team. Electronic offer submissions must be maintained in secure

files and shared with the appointed evaluation team in either hard copy or electronic secured files as appropriate to the situation (see [6.10 E-tendering](#) for more information).

Chapter resources

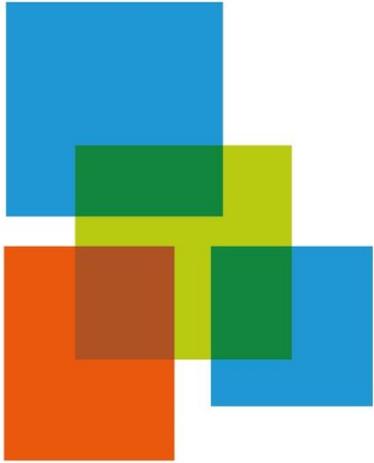
[Templates](#)

[Offer receipt report](#)

[Bid opening report](#)

[Technical proposal opening report](#)

[Financial proposal opening report](#)



8

EVALUATION OF SUBMISSIONS

8 Evaluation of submissions

8.1 Overview

Evaluation is the process of assessing and comparing submissions¹¹ in accordance with the evaluation methodology and criteria stated in the solicitation documents. The aim is to determine the offer that best fits the evaluation criteria, and thus represents best value for UNOPS. An objective, fair and well-executed evaluation process is critical as it results in a recommendation and a request for award of contract.

In general, UNOPS evaluates all offers based on the principle of best value for money, i.e. the ideal combination of technical and financial factors. Value for money can include the price, life-cycle costs and transaction costs of acquiring, using, holding, maintaining, and disposing of the goods or services if so specified in the tender documents. It may also take in non- cost factors such as fitness for purpose, quality, service and support, and social and environmental benefits.

Upon receipt and opening of offers, the evaluation of offers must be conducted according to the evaluation criteria and method defined during the preparation of the solicitation documents and clearly established in these documents. Under no circumstances can new or revised evaluation criteria be introduced during the evaluation of offers nor can the method of evaluation be changed.

The evaluation process comprises the following main steps (described later in this chapter):

- Establishment of the evaluation team;
- Preliminary screening;
- Technical evaluation;
- For RFPs: completion of technical evaluation report and opening of financial proposals;
- Financial evaluation, including justification of reasonableness of price (if applicable);
- Clarifications, if required;
- Negotiations, if applicable;
- Finalization of evaluation report;
- Background checks, if applicable.

As offers must be valid at time of contract issuance, evaluation of offers must be completed before the validity of the offers expire. Procurement officials must also take into account the time required for obtaining approval from the PA and for issuing the contract. In the event that these conditions are unlikely to be met, bidders can be requested to extend the validity of their bid or proposal. Written notification must be issued to all bidders.

8.2 Evaluation team

The purpose of the evaluation team is to verify that vendors and their offers satisfy the requirements of the solicitation documents and to evaluate offers according to the predefined evaluation criteria.

In order to conduct a fair and unbiased evaluation of submissions, evaluation must be undertaken by a team comprised of minimum two members. The actual number of people on the evaluation team will depend on the nature, complexity and value of the procurement activity, but should normally not exceed five. In all cases, except for procurement done with the shopping solicitation method, the evaluation team must include a procurement official as defined in section [2.4](#) (normally the person who was managed the procurement process since the solicitation stage) and a chairperson.

The evaluation team members shall be appointed, in writing (e.g. through email), by the PA to provide objective and independent advice based on their knowledge of the specific subject matter. The PA may consult the project manager/requisitioner on the identification of potential members that meet these requirements in particular where technical knowledge is required and recommended. Only if required, the PA may also appoint a person with financial knowledge (e.g. a financial officer) to support the evaluation team during financial evaluation. Evaluation team members

¹¹ Submission, along with offer or tender, is a generic term for bids, quotations and proposals, received from a supplier in response to solicitation documents. At UNOPS, the term 'submission' is also commonly used to refer to a request for award made to a CPC.

are only those formally appointed by the PA, and this for example, does not include the supervisor of evaluation team members.

An experienced individual, appointed by the PA, must chair the evaluation team. The chairperson appointed to lead the evaluation team should have at least five years of procurement experience, sound knowledge in acquisition of the requirement in question and the required interpersonal skills to interact efficiently with various stakeholders.

The evaluation team is a collegial body that shall, at all times endeavour to achieve a consensus in their final decision. Where a consensus cannot be achieved despite all efforts, a simple majority vote may be called by the chairperson to settle an issue or disagreement. Should the votes be equally divided, the chairperson shall have the casting vote. Once a final decision is achieved, the members shall uphold the final decision achieved by the team.

In particularly complicated procurement processes (e.g. complex specifications, high bid values, complex post-qualification criteria, etc.), external subject matter experts may be contracted onto the evaluation team. Any such external subject matter expert contracted by UNOPS shall be considered a UNOPS official for the purpose of determining whether UNOPS has the majority in the evaluation team. Representatives from the funding source, the client organization, or national counterparts may be appointed as either observers or as full evaluation members (i.e. with voting rights). In the case of the latter, UNOPS should represent the majority in the evaluation team.

Team members and observers must immediately indicate if they are in a potential conflict of interest situation with any of the suppliers (e.g. owning shares in supplier company, family relationship with suppliers, etc.) in which case they shall ask to be replaced. All evaluation team members and observers must sign an affidavit of confidentiality and no conflict of interest prior to commencing the evaluation process.

Main tasks of the chairperson during evaluation:

- Perform a facilitative role in the evaluation team, and settle issues or disagreements (if applicable);
- Remind the evaluation team that its deliberations are strictly confidential: information about the content of the submissions or the evaluation process is not to be revealed outside the evaluation team. In particular: (i) during evaluation, access to offers is restricted to the evaluation team and to observers; (ii) correspondence with bidders must be through the procurement official and must not be shared outside the evaluation team.

Main tasks of the procurement official during evaluation:

- Obtain signatures of affidavits of confidentiality and no conflict of interest from the evaluation team;
- Brief the evaluation team about its role and ensure its familiarity with the solicitation process and evaluation criteria;
- Prepare evaluation matrixes and reports;
- Manage evaluation clarifications with bidders, if applicable.

8.3 Evaluation criteria

Evaluation criteria are divided into the following categories which are explained in chapter [6 Solicitation](#) and which are assessed during the evaluation process:

- Formal and eligibility criteria (see [6.5.3.1 Formal and eligibility criteria](#)) – assessed during preliminary screening (see [8.5 Preliminary screening](#))
- Qualification and technical criteria (see [6.5.3.2 Qualification and technical criteria](#)) – assessed during technical evaluation (see [8.6 Technical Evaluation](#))
- Financial criteria (see [6.5.3.3 Financial criteria](#)) – assessed during financial evaluation (see [8.7 Financial evaluation](#)).

8.4 Evaluation methodology

There are three different evaluation methodologies are dependent on the solicitation method selected, as summarized in

Table 6 | Detailed in the following sub-sections.

Solicitation method	Evaluation method
Shopping	Lowest priced most technically acceptable
RFQ	Lowest priced most technically acceptable
ITB	Lowest priced substantially compliant
RFP	Cumulative analysis

8.4.1 Lowest priced, most technically acceptable offer

This method of evaluation is used when solicitation is made through informal methods: shopping or RFQ (see [6.3.1 Shopping](#) and [6.3.2 Request for quotation](#)).

In order to provide a more flexible method for selecting suppliers for procurement of a relatively low value (below US\$50,000), the evaluation methodology allows various considerations to be taken into account. The lowest priced, most technically acceptable offer methodology consists of the following steps (these apply mostly to RFQ as for shopping all these steps are compressed):

1. Preliminary screening of quotations, including an assessment of whether quotations comply with the formal and eligibility criteria stated in the solicitation document;
2. Technical evaluation of quotations, determining which quotations are substantially compliant to the qualification criteria (if included in the solicitation document) and technical criteria;
3. Financial evaluation: Quotations that are found to be technically compliant shall be evaluated based on the lowest price. However, the technical advantages offered by a higher priced quotation may in certain cases justify selection of an offer other than the lowest priced. Further, the RFQ modality allows selection of the most technically acceptable offer in cases where none of the offers received is substantially compliant, the requirement specification (where under an ITB the option would be re-tendering);
4. The selection of a supplier other than the one offering the lowest priced option requires proper justification: this must be documented on file and reasons for not choosing the lowest pricing option must be included in the request for award signed by the appropriate PA.

8.4.2 Lowest priced, substantially compliant offer

This method of evaluation is used when solicitation is made through an ITB (see [6.3.3 Invitation to bid](#)) and price serves as the overriding evaluation criterion upon which to award a contract. The lowest priced, substantially compliant offer methodology consists of the following steps:

1. Preliminary screening of bids, including an assessment of whether bids comply with the formal and eligibility criteria stated in the solicitation document. All bids substantially compliant at this stage will go through subsequent evaluation as follows;
2. Technical evaluation of bids, determining which bids are substantially compliant to the qualification criteria (if included in the solicitation document) and technical criteria, and rejecting non-compliant offers. Only bids meeting or exceeding the criteria shall be considered substantially compliant;
3. Financial evaluation of bids, by selecting for award the lowest priced bid among the substantially compliant bids, as per financial criteria stated in the solicitation document.

8.4.3 Cumulative analysis

This method of evaluation is used when solicitation is made through an RFP (see [6.3.4 Request for proposal](#)) and the evaluation is based on a number of criteria other than price in order to ensure best value for money. The combined analysis methodology consists of the following steps:

1. Preliminary screening of proposals, including an assessment of whether proposals comply with the formal and eligibility criteria stated in the solicitation documents. All proposals substantially compliant at this stage will go through subsequent evaluation as follows;
2. Technical evaluation (qualification criteria), determining which proposals are substantially compliant to the qualification criteria (if included in the solicitation document), and rejecting non-compliant proposals. Only proposals meeting or exceeding the qualification criteria shall be considered substantially compliant;
3. Technical evaluation (technical criteria), determining the technical points achieved by each proposal, as per maximum points assigned per criterion included in the solicitation document. Only proposals that meet the minimum technical threshold indicated in the solicitation document (normally 60% or 70%) shall be deemed substantially compliant;

- Financial evaluation. Financial Proposals will only be opened for the offerors that achieve the minimum technical threshold. Proposals scoring above threshold shall be checked for any arithmetic errors (see [8.7 Financial evaluation](#)). The maximum number of points for the Financial Proposals is as stated in the solicitation document. This maximum number of points will be allocated to the lowest price financial proposal. Financial proposals from other offerors will receive points in reverse proportion according to the following formula:

$$\text{Points for the Financial Proposal being evaluated} = \frac{[\text{Maximum number of points for the Financial Proposal}] \times [\text{Lowest price}]}{[\text{Price of proposal being evaluated}]}$$

Example: Maximum number of Financial Proposal points is 30 points. Offer or A's price is the lowest at US\$10.00. Offer or A receives 30 points.

Offer or B's price is US\$20.00. Offer or B receives $(\text{US\$}10.00/\text{US\$}20.00) \times 30 = 15$ points

- Combined analysis. The proposal obtaining the overall highest score after adding the score of the technical and the financial proposals is the one that offers best value for money and is to be recommended for award.

8.5 Preliminary screening

In order to avoid spending further resources on the evaluation of invalid offers, the evaluation team should eliminate offers containing material deviation at an early stage of the evaluation process by performing a preliminary examination of offers against the formal criteria stipulated in the solicitation document.

In addition, at this stage the evaluation team should check the eligibility of bidders as per the eligibility criteria in the solicitation document.

Examples of formal compliance criteria are included in section [6.5.3.1](#).

The evaluation team should reject offers in the following situations (see [8.8.1 Deviations](#) and [8.9 Clarifications from vendors](#), in particular regarding the types of missing information that the bidder must be given the opportunity to provide):

- The bidder is not eligible further to the provisions in section [3.3](#);
- Absence of required bid/proposal security when applicable, or if it has been provided it is not compliant in terms of amount or validity period. A change in wording that is consistent with the prescribed format is not a material deviation. If there are concerns about the authenticity of the bid/proposal security, the evaluation team should contract directly the issuing bank. When the issuing bank is unable to confirm that they have issued the security or is otherwise confirmed that it is a fraudulent document, the chairperson of the evaluation team must immediately report it to IAIG per provisions in section [8.8.6](#);
- Absence of bid or proposal submission form or lack of signature of the bid form when this is clearly specified in the tender document as a requirement. Change in the wording that is consistent with the prescribed format is not a material deviation. A duly authorized signatory must sign the supplier's offer in order for it to be legally binding. If the bid form does not contain the required signature, and provided that the signature of an authorized representative appears on a letter of transmittal or on another document attached thereto, and in the case of ITBs, the signature appears on the document where the total price of bid is stipulated, UNOPS shall assume that the omission was unintentional; however, the evaluation team shall ask the duly authorized signatory to immediately confirm that the offer is legally binding and obtain the required signature and if provided UNOPS shall then accept the offer;
- Absence of non-historical documents as required in the solicitation documents. A non-historical document is a document specifically related to the tender and one that the bidder could not be expected to possess before the solicitation document was issued, e.g. a bid security. In the event of a power of attorney (POA) being required, not having a valid POA on the date of signing the bid would render the bid substantially non-compliant. If no POA is provided or if the POA is technically defective or invalid, the procurement official must ascertain if the bidder has in their possession a historical document (i.e. a valid pre-existing POA in its favour) that could be considered to qualify the bid as substantially compliant;
- The offer does not include evidence of acceptance of the relevant UNOSP General Conditions of Contract or other important conditions, e.g. performance security, warranty, delivery schedule and payment terms;
- Financial information is included in the technical proposal envelope when conducting an RFP.

8.6 Technical evaluation

All submissions found substantially compliant with the formal and eligibility criteria under 8.5 Preliminary screening will go through to technical evaluation, which consists of two sub-steps: (i) evaluation of qualification criteria (if included in the solicitation document), and (ii) evaluation of technical criteria.

i. Evaluation of qualification criteria

If the solicitation included qualification criteria (see [6.5.3.2 Qualification criteria](#) for examples), it must be evaluated at this stage. This is to ensure that the bidder is qualified and capable of successfully completing the contract, i.e. the entity meets legal and regulatory requirements, has the required minimum technical capability and experience, and is financially capable.

Qualification criteria, when included in a solicitation document are evaluated on a pass/fail basis, regardless whether these are included on an RFQ, ITB or RFP.

ii. Technical evaluation of bids

Bids received in response to an ITB must be assessed against the technical criteria specified in the solicitation document (specifications, TOR, SOW and other requirements) on a pass/fail basis and must be rejected when they contain material deviation, i.e. when the specifications of the items quoted vary in one or more significant aspect(s) from the minimum required technical specifications and other requirements.

If a large number of bids are received in response to an ITB making technical evaluation of all the bids impractical, bids may be evaluated in batches to reduce the evaluation time. In these instances, an arithmetic check of all bids received should be performed upon preliminary examination and a table containing bid prices and corrected bid prices must be prepared. The evaluation team may then decide to admit to technical evaluation a batch consisting of a number of lowest bids, after price correction. The number of lowest bids is decided by the evaluation team and normally comprises the three to five lowest bids. The lowest technically responsive bid amongst these bids is also the lowest technically responsive bid amongst all the bids. If this first batch of bids does not yield at least three technically responsive bids, a next batch of lowest bids shall be admitted to technical evaluation, and so on, in order to have at least three technically responsive bids.

iii. (b) Technical evaluation of proposals

Proposals received in response to an RFP must be rated by assigning points against the technical criteria as per maximum points assigned per criterion specified in the solicitation document.

The technical proposal submitted by any bidder would be rejected if the bid does not obtain the minimum required number of points to qualify as per threshold stated in the solicitation document (generally 60% or 70%). The corresponding financial proposal shall be retained unopened in the procurement file. However, any bid security or guarantee must be returned. The procurement official in charge of the solicitation exercise must ensure that the bid security contained in any unsuccessful submission be returned to the bidder promptly following contract award to the selected bidder.

8.7 Financial evaluation

All submissions found substantially compliant with the qualification and technical criteria under section [8.6 Technical evaluation](#) will go through to financial evaluation. Financial evaluation is the process of comparing the offers with the financial criteria stipulated in the solicitation document, and determining the price to base the evaluation upon.

Price is an important financial evaluation criterion, but the weight of the price depends on the evaluation methodology (section [8.4](#)) and financial criteria stated in the solicitation document and which may include life-cycle-cost analysis.

Taxes and duties must not be taken into account for the purpose of financial evaluation, unless included in the solicitation documents, as per provision in section [6.5.2](#) paragraph i.

Prior to financial evaluation arithmetical errors must be corrected on the following basis:

- a) If there is a discrepancy between the unit price and the line item total that is obtained by multiplying the unit price by the quantity, the unit price shall prevail and the line item total shall be corrected, unless in the opinion of UNOPS there is an obvious misplacement of the decimal point in the unit price, in which case the line item total as quoted shall govern and the unit price shall be corrected;
- b) If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected;

- c) If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to a) and b) above.

After price correction has been completed, discounts, when applicable, must be evaluated and currency conversion into one base currency (as specified in the solicitation document) must also be completed.

If the vendor offers early order/placement, or early payment discounts, this is not measured in the evaluation unless clearly stated in the solicitation document. Discounts can be utilized if offered although the vendor must be selected based on the regular price without considering discounts. At the time of placing the order, any available order placement discounts should then be considered.

Quantity discounts are taken into account in the evaluation and must be evaluated as a separate offer. The final price comparison in one single currency must consider corrected errors, quantity discounts and any required adjustments.

For procurement of goods, if offers were received under both FCA and CPT Incoterms, the evaluation report must explain how the evaluation team established that the selected Incoterm for the award is the most advantageous for UNOPS.

During financial evaluation, a deviation would be considered material in any of the following situations:

- The bidder does not accept the required price correction as per the condition of the solicitation document;
- Required price components are missing;
- The bidder offers less quantity than is required.

When using the cumulative analysis evaluation methodology (in an RFP), the score of the financial proposal is calculated based on the formula for point allocation (see [8.4.3 Cumulative analysis methodology](#)).

8.7.1 Justification of reasonableness of price

A financial evaluation shall be undertaken in order to justify the reasonableness of the price quoted in the offer recommended for award.

In general, the reasonableness of price justification is always recommended to establish value for money, however it is mandatory when less than three substantially compliant offers have been received. This is to ensure the price comparison done between adequate comparators, i.e. prices would tend to be lower from bidders that are not compliant (i.e. lower quality goods or services, longer delivery times than requested, etc.).

The only exceptions to the above is in the context of ITBs and in cases where the non-compliance is due to aspects that do not or very marginally affect the price.

A number of comparators can be used to determine whether the price is fair and reasonable, such as:

- Comparison with market price (i.e. prices offered by other suppliers of the same or similar product or service);
- Comparison with valid LTA prices;
- Historical price, i.e. compare the current price to a price paid in the recent past for the same or a similar product;
- Whether the offer is similar to that for another comparable customer;
- If the offer is custom-built, whether the cost breakdown of the offer shows that the price is fair and reasonable.

If, after price/cost analysis, the evaluation team does not consider the price to be fair and reasonable, UNOPS shall seek competition or negotiate with the supplier in an attempt to lower the price.

8.8 Further aspects of evaluation

8.8.1 Deviations

8.8.1.1 Material deviations

UNOPS must maintain fairness and transparency and ensure that offers are rejected only and whenever deviation to the requirements is material. In some cases, a substantially compliant offer could contain non-material deviations, which will render it non-compliant. However, in order to achieve value for money, it is important not to disqualify offers solely for non-material (minor) deviation(s).

A material deviation is one that:

- Would affect in any substantial way the scope, quality, or performance of the goods and related services specified in the contract;
- Would limit in any substantial way, by contradicting the bidding documents, UNOPS rights or the bidder's obligations under the contract;
- If rectified would unfairly affect the competitive position of other bidders presenting substantially responsive bids.

To this end, evaluation team chairperson and the procurement official responsible for the respective procurement exercise must have a clear understanding of what represents a material deviation. During evaluation of the offers, consistency must be applied when determining whether a deviation is material. The evaluation report must identify any deviations encountered during each step of the evaluation process.

8.8.1.2 Minor informalities or irregularities in bids

A minor informality or irregularity is one that is merely a matter of form and not of substance. It also pertains to some immaterial defect in a bid or variation of a bid from the exact requirements that can be corrected or waived without being prejudicial to other bidders. In such cases, the defect or variation is immaterial when the effect on price, quality, or delivery is negligible when contrasted with the total cost or scope of the goods, services or works being acquired. The evaluation team shall either waive or give the bidder an opportunity to correct any deficiency resulting from a minor informality or irregularity in a bid, whichever is to the advantage of UNOPS.

Examples of minor informalities or irregularities include failure of a bidder to:

1. Return the number of copies of signed bids required by the solicitation documents;
2. Furnish required information concerning the number of its employees;
3. Sign its bid form, but only under the provisions of section [8.5 Preliminary screening](#);
4. Acknowledge receipt of an amendment to an invitation for bids, but only if:
 - a) The bid received clearly indicates that the bidder received the amendment, such as where the amendment added another item to the invitation and the bidder submitted a bid on the item;
 - b) The amendment involves only a matter of form or has either no effect or merely a negligible effect on price, quantity, quality, or delivery of the item bid upon.

8.8.1.3 Apparent clerical mistakes

After the opening of bids, the evaluation team shall examine all bids for mistakes. The procurement official may correct any apparent clerical mistake before award, given that they first obtain a verification of the bid intended from the bidder. Examples of apparent mistakes include:

- a) Obvious errors in totalling price: The unit prices will prevail, when errors in totalling have been made;
- b) Obvious discrepancy between the amounts in figures and in words, the amount in words will prevail;
- c) Obvious misplacement of a decimal point;
- d) Obviously incorrect discounts (e.g. 1 percent, 10 days; 2 percent, 20 days; 5 percent, 30 days);
- e) Obvious reversal of the price FOB destination and price FOB origin;
- f) Obvious mistake in designation of unit.

If the evaluation team believes a mistake has been made, and if the bidder formally and in good faith confirms the error, the matter shall be processed in accordance with the following procedures before final evaluation and award take place.

Correction of the bid shall be effected by attaching the bidder's verification to the original bid and a copy of the verification to the duplicate bid. Correction must not be made on the face of the bid, but must be reflected in the award document.

Correction of bids submitted by electronic data interchange shall be effected by including in the electronic solicitation file the original bid, the verification request, and the bidder's verification. As above, the correction must be reflected in the award document.

8.8.1.4 Apparent errors in price

UNOPS is not responsible for errors in price made by bidders. However, UNOPS shall verify prices in cases where it believes there is an error (e.g. a specific item price very high or very low). The supplier shall then be informed that revision of the original price is prohibited, and that non-compliance shall result in rejection of the offer. If the supplier confirms that the original price is correct, the evaluation can proceed. Should the supplier acknowledge that the price is incorrect,

the offer must be rejected in order to adhere to the principle of fair and equal treatment of all suppliers. The communication with the supplier must be in writing and kept on file for the record in order to facilitate audits.

8.8.1.5 Abnormally low bids/proposals

An abnormally low bid/proposal is one where the bid/proposal price in relation to the scope, methodology, technical solution and requirements, appears so unreasonably low that it raises concerns to the evaluation team in regards to the bidder's ability to perform the contract successfully.

If and when an abnormally low bid/proposal is identified, the procurement official shall seek written clarifications from the bidder, including detailed price analysis for its bid/proposal prices in correlation with the scope, proposed methodology, schedule, and allocation of risks and responsibilities.

After the evaluation of the information and detailed price analyses presented by the bidder, the evaluation team may:

- a) accept the bid/proposal;
- b) if appropriate, require that the amount of the performance security be increased at the expense of the bidder to a level sufficient to protect UNOPS against financial loss in the event of default of the successful bidder under the contract; or
- c) reject the bid/proposal.

8.8.1.6 Missing documents

Only historical or original versions of those documents that have already been provided, with the exception of those documents that must be supplied in original form by the bid receipt deadline, e.g. bid securities, may be submitted by bidders at evaluation stage and this must be done as per section [8.8.2 Clarifications from vendors](#).

8.8.2 Clarifications from vendors

Offers shall be evaluated based upon the information provided in the offer. However, after the submission of offers and upon preliminary examination, clarifications to the offers are sometimes required from bidders in order to conduct a proper evaluation process. The purpose of such clarifications is to clarify any aspects of the offer, and not to add or delete aspects of the offer, or otherwise modify any portions of the offer.

Clarification may take place at various stages of the submission review and evaluation process, depending on whether the need for clarification has been identified in an ITB (one envelope system) or in the technical and/or financial proposal of an RFP. Only the procurement official within the evaluation team shall be authorised to seek clarification from bidders during evaluation.

Clarification as used in this section means communication with a bidder for the sole purpose of eliminating minor irregularities, informalities, or apparent clerical mistakes in the submission. During the clarification process, no information about offers of other prospective suppliers can be divulged to the bidder. Seeking clarifications from suppliers after receipt and opening of offers should not be mistaken with the modification of offers before submission deadline (see [7.2.1 Modification of submissions](#)).

It may occur that the same person represents several companies at a public bid opening. When sending queries to bidders during bid evaluation, the person having attended bid opening on behalf of the bidder must not be copied, as the bidder's representative could forward the query to a competitor. The query must only be sent to the bidder: however, it is acceptable for UNOPS to inform the representative that a query has been sent to the bidder(s) they represent so that they can follow it up directly. However, the content of the query must not be shared with the bidder's representative.

When bidders are requested to submit clarifications or missing historical information or documents, it is important to give a reasonable deadline. Once the deadline has passed without satisfactory response, the evaluation team must reject the bid. All correspondence with vendors will be in writing (email is acceptable) and must form part of the procurement record.

8.8.3 Evaluation of lots

Where the solicitation document states in the Particulars and instructions to bidders section that evaluation will be done by lot (see [6.5.2 Particulars and instructions to bidders](#)), the evaluation must be done as per the provisions stated under the evaluation criteria section of the solicitation document, which will include details on how UNOPS will award lots where a supplier does not meet all qualification criteria (e.g. capacity, turn-over requirements, etc.) for all the lots for which it the bidder recommended for award as per the evaluation methodology stated in the solicitation document. For more details, refer to section [6.5.3.2 Qualification and technical criteria](#)).

8.8.4 Review of offers received in situations of direct contracting or sole sourcing

When direct contracting under sole sourcing is justified (see [6.8 Exceptions](#) to competitive tendering or formal methods of solicitation) and an offer has been requested further to section [6.6.6](#), such offer must be evaluated.

The purpose of such evaluation is to assess whether the offer is of an acceptable quality at a justifiable price. In order to ensure the quality of the offer, it should be evaluated as substantially compliant/non-compliant, and the offer would only be accepted if considered substantially compliant. The evaluation has to be carried out by an evaluation team formed as per section [8.2 Evaluation team](#).

Further to the evaluation process, negotiations are usually recommended in direct contracting situations in order to ensure best value for money. See [8.9 Negotiations](#) for details.

8.8.5 Complaints and representations

Replies to representations and complaints made by bidders during (and after) the evaluation process must be in line with what may or may not be disclosed, as stated in the solicitation document. Depending on the nature of the complaints and representations received, the chairperson of the evaluation committee should consider seeking advice from a Legal Advisor before replying. Whenever a complaint appears inappropriate, the chairperson should always send the complaints immediately to the head of the relevant UNOPS business unit.

8.8.6 Indications of potential proscribed practices

While conducting evaluation of submissions, the evaluation panel should satisfy itself that there is no indication of fraud, collusion or suspicious actions by some bidders including those that might point to the existence of a cartel.

The following are typical red flags indicating risks of potential proscribed practices.

Patterns of potential fraud:

- Bid/proposal securities submitted show apparent irregularities (e.g. logos or names or issuing banks);
- Registration certificates show inconsistencies, e.g. in terms of dates, registration institution, etc. or frequent changes of company name;
- Quality certificates are issued by dubious providers;
- Bank account information provided on the supplier form is under the name of an individual and not a company.

Patterns of collusion are hard to detect because agreements are secret in nature. These may include bid-rigging (competitors agree in advance who will submit the winning bid), and price-fixing (agreement by competitors to raise, fix or maintain the price for goods or services) as detailed below.

Patterns of potential bid-rigging:

- The same suppliers submit bids and each company seems to take a turn being the successful bidder;
- Some bids are much higher than published price lists, previous bids by the same firms, or cost estimates;
- A company appears to be bidding substantially higher on some bids than on other bids, with no apparent cost differences to account for the disparity;
- Bid prices drop whenever a new or infrequent bidder submits a bid;
- A successful bidder subcontracts work to competitors that submitted unsuccessful bids for the same project;
- A company withdraws its successful bid and subsequently is subcontracted work by the new winning contractor;
- Schedules are split between bidders; i.e. one bidder is lowest for schedule one, the other for schedule two, etc.; or one bidder quoted for schedule one only, another bidder for schedule two only, etc.;
- Bank guarantees submitted by different bidders have been issued by the same bank and have almost identical reference numbers: e.g. A-123 and A-124;
- Details regarding ownership and management in respect of several bidders show that these bidders have the same key personnel such as directors, partners, owners, etc.

Patterns of potential price-fixing:

- Identical prices of multiple bidders, especially when prices stay identical for long periods of time and prices were previously different;
- Price increases do not appear to be supported by increased costs;

- Discounts are eliminated, especially in a market where discounts historically were given;
- The proposals or bid forms submitted by different bidders contain irregularities (such as identical calculations or spelling errors), similar handwriting or stationery. This may indicate that the designated low bidder may have prepared part or all of the losing bidder's offer;
- Bid or price documents contain white-outs or other physical alterations indicating last-minute price changes;
- A company submits a bid when it is incapable of successfully performing the contract (likely a complementary bid).

When there is an indication of a potential proscribed practice, procurement officials must report it as per the provisions and reporting mechanisms provided in section 1.5.3.1. Unless the alleged proscribed practice is completely evident, the evaluation team must not reject bids received until IAIG does a first assessment of the case. If IAIG decides to carry out a formal investigation (because there is sufficient evidence to substantiate the allegations) then the evaluation team, upon discussion with the PA (and Director, PG, if relevant) can decide to reject such bids, without waiting to the outcome of the full IAIG investigation and the VRC's determination.

8.8.7 Best and final offer (BAFO)

The 'Best and Final Offer' (BAFO) is an optional step in the selection of offers that has the objective of enhancing competition, and thus ensuring best value for money for UNOPS.

BAFO can only be applied in the following contexts:

- ITB (based on 'lowest priced, substantially compliant offer' evaluation methodology): when the lowest priced substantially compliant bids are for exactly the same price and it is not possible for UNOPS to identify a winner;
- RFP (based on 'cumulative analysis' methodology): when more than one proposal achieves the exact same number of points in the cumulative analysis, i.e. after adding the total technical and financial points.

In such contexts, the purpose of BAFO is for UNOPS to be able to make a selection decision and it is not to be mistaken with negotiations, as per section 8.9.

When the conditions for requesting a BAFO are met, the procurement official shall issue a written request to all eligible bidders, to submit their BAFO as a follow up to their initial bid/proposal until a common specified deadline. Suppliers shall be informed that they are not allowed to change the specifications of the offered product/services/works or any bid conditions (delivery time/terms, special conditions, etc.), and that only the price can be modified. The request to submit a BAFO shall not contain any information regarding the evaluation or any information on the chances for contract award. The bidders must be given a reasonable period of time to submit their BAFO, taking into account the complexity of the procurement action and must submit their response to the request for BAFO in the manner indicated.

Upon receipt of the BAFOs from the bidders, the evaluation team shall update the financial evaluation of the bids, as necessary, and shall make a final comparison of the competing offers in accordance with the evaluation methodology stated in the solicitation document.

8.9 Negotiations

Negotiations are discussions with a potential supplier after selection but prior to award of contract, with the purpose of ensuring best value for money for UNOPS without compromising the principle of fair and equal treatment of all suppliers¹².

Typically, UNOPS does not enter into negotiations, but there may be circumstances that justify the practice as described in this section.

The following procedures must be followed when conducting negotiations:

¹² In the rare event that price negotiations or descoping take place after the award of contract, the CPC and/or the awarding PA must be kept informed about the outcome of the negotiations, through submission of minutes of the negotiations or other written documentation of the discussions with the purpose of ensuring that it does not materially alter the original scope and pricing approach taken by bidders. These written documents complete the records and ensure proper audit trail. In such a case, if the original award was made for \$X subject to negotiations and the negotiations result in a price reduction of \$Y, the award shall be deemed to have been confirmed at \$X-Y, and it will be necessary to seek further award in accordance with normal rules in the event it is later intended to increase the award to an amount higher than \$X-Y.

- Two UNOPS personnel must be involved as a minimum in all negotiations with suppliers. Amongst the two personnel, one must be either the procurement official or the chairperson appointed to the evaluation team of the procurement process and have technical knowledge on the requirements, in particular for works processes due to risk management purposes as there could be specialised technical issues to consider;
- It is recommended that prior to the start of negotiations, the negotiation team prepares a brief outline of the expected negotiation outcomes (not to be shared with the bidder) and that each individual is given specific roles and responsibilities in the process;
- Negotiations are confidential between UNOPS and the supplier and neither party may reveal information relating to the negotiations. Vendors should be informed of the same upon initiating the negotiations;
- The results of the negotiations must be recorded in a note to the file;
- Negotiations should be located, where possible, at the UNOPS premises.

a) Negotiations further to a formal method of solicitation (ITB or RFP)

The purpose of negotiations is to ensure that the technical offer is in line with the requirements and that the financial proposal is competitive on all aspects of the price. In the negotiations, any deficiency in the offer must be brought to the attention of the supplier. The supplier must be allowed to make adjustments in the proposal in order to improve and more clearly specify the contents of the offer. However, under no circumstances shall the requirements (specifications/TOR/SOW) be changed. If the requirements are materially changed, the competitive process must be cancelled and a new solicitation process must be initiated on the basis of the revised requirements.

Negotiations further to a formal method of solicitation (ITB or RFP) should rarely be used and can only be conducted if:

- i. If provided for in the solicitation document;
- ii. Be conducted only with the vendor selected for recommendation of award, i.e.:
 - For ITBs: with the bidder presenting the lowest priced, substantially compliant bid;
 - For RFPs: with the bidder presenting the proposal with the highest points after cumulative analysis of the technical and financial proposals.

Negotiations with the other bidders are not permitted.

- iii. If due cause exists. Proper justification must be provided explaining the reason why negotiations are conducted in the particular case. Under no circumstances may negotiations take place for the sole purpose of reducing prices, as this would contravene the principle of equal and fair treatment of all suppliers;

Examples for due cause for conducting negotiations after a formal method of solicitation include the following situations:

- a) The budget is constrained, i.e. the available budget is not sufficient to purchase the requested item(s), however this excludes a significant reduction of the requirements, i.e. due to a des-coping if it materially alters the original scope and pricing approach taken by bidders;
- b) The winning bid or proposal is offering additional services or equipment which were not required in the solicitation document;
- c) The marginal quantity increases leading to quantity discounts, i.e. the tendered quantity can be increased, would require negotiations with the selected supplier. However, in cases where the quantity is substantially increased, or if the market price of the goods is likely to or may have dropped substantially between the deadline for the submission of bids, and the date of completion of the evaluation, re-solicitation should be considered;
- d) The DSA rates, travel cost etc. are not in line with standard rates; or
- e) There are less than three compliant bids or proposals or, following analysis in accordance with 8.7.1 Justification of reasonableness of price, the evaluation team has concluded that the offered price is not reasonable;
- f) Negotiations of proposed contracts in situations of sole sourcing under direct contracting.

In instances where direct contracting is justified, negotiations are normally recommended in order to ensure best value for money. Since no competitive solicitation process has been carried out, UNOPS has no immediate evidence that the product offers acceptable price and quality. Since no comparison of offers has taken place in the evaluation process, UNOPS needs to make every effort to justify the selection and ensure the reasonableness of price by attempting to obtain the most favourable terms and conditions for every aspect of the supplier's offer. Proper costing studies, market research, expert consultations, and verification of client references are key activities to be performed prior to such negotiations.

8.10 Recommendation

8.10.1 Evaluation report

The results of the evaluation shall be documented in an evaluation report. The level of detail of the evaluation report should be commensurate with the complexity of the process and UNOPS templates should be used. Although the use of evaluation tables is best practice, it is not mandatory for informal methods of solicitation such as shopping and RFQ.

The evaluation report must be dated, identify the process to which it relates and the name of each signatory must be printed under the signature. It shall be signed by all the members of the evaluation team, and initialled on every page (except for historical annexes such as the ITB/RFP, amendments, clarification notes etc.) by at least two members of the evaluation team and kept on file for future reference.

The evaluation report will later be used as the basis for the recommendation of award. An evaluation report shall contain a summary of the evaluation process as well as details of the evaluation steps performed and key criteria therein, i.e. preliminary examination, technical and financial evaluation. In particular, when the solicitation method is RFP the technical evaluation section must include a clear narrative supporting the points allocated to each technical proposal. Any rejection, non-compliance, and clarifications of offers must be clearly stated, including a list with the final ranking of the offers and the reasoning behind the selection of the winning offer.

All unsuccessful bids must be retained in the procurement file. However, any bid security or guarantee must be returned. The procurement official in charge of the solicitation exercise must ensure that the bid security contained in any unsuccessful submission be returned to the bidder promptly following contract award to the selected bidder. Unsuccessful bidders will be notified only after the contract is awarded and all contract documents are duly executed.

In the case when the evaluation methodology is 'lowest priced most technically acceptable offer' or 'lowest priced substantially compliant offer' particular attention must be given to ensure that the reasons for disqualifying offers with prices lower than the selected offer are clearly stated in the report.

In addition, the report must include a statement confirming price reasonableness (see [8.8.3 Justification of reasonableness of price](#)) where applicable.

The evaluation report is a confidential document and must not be distributed to individuals other than those involved in the respective procurement process.

8.10.2 Background checks

After completion of the evaluation but prior to award, UNOPS shall conduct background checks/due diligence on the bidder recommended for award to verify that the bidder meets the criteria set forth in the solicitation document or as appropriate to the nature of the procurement process, and may reject a bidder on the basis of these findings, which shall be documented.

The UNOPS procurement official in charge of the procurement process must record the specific background check actions undertaken and their results in the request for award document so that when approving the award the PA verifies that a diligent supplier background check has been performed.

Background checks will be conducted following a tiered risk approach, with minimum requirements for all UNOPS contracts, and advanced checks for higher risk situations. 'Higher risk' in this context is defined by: the Corruption Perception Index (CPI) in the supplier country; the amount of the current award (plus those awarded to the same vendor in the past 12 months); and specific market conditions e.g. history of vendor fraud and collusion in UN and public procurement tenders. Advanced background checks are mandatory for awards that: (a) are for a supplier based on a country with a CPI index of 50 or below; (b) the amount of the current award is equal to or above US\$250,000; and (c) this is the first time UNOPS engages the vendor. However, advanced background checks could also be done for lower amounts and other circumstances if appropriate.

Minimum background check requirements:

- Verify the bidder's existence and status, through internet search, checking the company's website, or if applicable calling their declared office phone numbers;
- Verify that the vendor is legally incorporated by requesting written certification or other documentary evidence from the supplier (if not already been verified during the technical evaluation of the offer or otherwise already contained in the UNGM or oneUNOPS profile of the supplier);

- Ensure that the vendor is not ineligible (if not done during preliminary examination of bids) further to the provisions in section [3.3 Vendor ineligibility](#);
- Check that the bidder does not have any pending claims, disputes and contentious issues (see [8.10.3 Suppliers with pending claims, disputes and contentious issues](#)).

Advanced background checks may include any/all of the following, depending on the case, and after consultation with the PA:

- Verify information contained in corporate registries, including important business information such as the creation date, initial and current shareholders, share capital, details of legal representatives, and company name changes;
- Verify the authenticity of the bid/proposal security with the issuer;
- Verify with the manufacturer the submitted Manufacturer's Authorization Form;
- Verify other documentation provided, such as certificates of quality management systems;
- Verify the financial statements provided, including through: (a) check that the named auditor exists and that it has undertaken such audit; (b) check that financial statements provided in past bids are consistent to the ones provided in this tender, if applicable;
- Verify financial soundness of the company, including through external reports such as from Dun and Bradstreet;
- Check past supplier performance evaluations (SPE) in prior UNOPS contracts, if applicable (see [13.2.7 Supplier performance evaluation](#));
- Check with references provided for past work;
- Conduct a site visit to the bidders premise to ensure for instance that they possess relevant equipment (e.g. construction equipment for procurement of works, or IT infrastructure for IT/software requirements. Bidders shall permit UNOPS representatives to access their facilities at any reasonable time to inspect the Bidder's premises, if applicable, and provide related documentation as requested;
- Check litigation history.

8.10.3 Suppliers with pending claims, disputes and contentious issues

In the event that UNOPS has a dispute, claim or other contentious issue pending with a supplier, which either compromises or calls into question the ability of that supplier to perform or where performance would be inconsistent with the effective resolution of any dispute, the Director, PG, after consultation with the General Counsel, may instruct all UNOPS personnel to refrain from procurement actions with such supplier, until the matter has been resolved or otherwise considered to be no longer contentious.

It is the responsibility of each PA to ensure that such supplier is not included in UNOPS procurement actions and that no awards of contracts to the supplier are made. It is the responsibility of each head of UNOPS business unit to inform the Director, PG, of any disputes, claims or other contentious issues between a supplier and the respective UNOPS business units. PG will add such claim, dispute or contentious issue to the UNOPS Claims Log.

The Director, PG, will take the necessary actions to resolve the issue. Once a dispute, claim or contentious issue has been resolved, the Director, PG, shall notify all relevant UNOPS personnel, as well as the supplier in question as to the timing and extent to which the supplier may be considered for future UNOPS procurement actions.

Chapter resources	
Guidelines	Life cycle costing guidelines Supplier Background Checks
Templates	Confidentiality/no conflict of interest affidavit for TET members/observers Request for composition of the evaluation committee ITB Evaluation table-goods RFP Evaluation table ITB Evaluation report RFP evaluation Report
Other useful resources	Corruption Perception Index (Transparency International)



9

PROCUREMENT PROCESS REVIEW

9 Procurement process review

All procurement activities are subject to a review process prior to award which is, as per UNOPS FRR, the authorization given by authorized personnel to establish a commitment (refer to chapter [10 Awards](#) for details).

The review process should ensure that that appropriate authority has been obtained for the commitment of funds; that the best interests of UNOPS and its clients are protected; and that the procurement activities are carried out in conformity with UNOPS FRR, relevant policies and procedures and are in accordance with generally recognized leading business practices.

9.1 Organization of procurement review

Procurement review is done at UNOPS by either: (a) the Procurement Authority directly, or (b) a Procurement Reviewer prior to award of the PA (see [2.5 Procurement authority](#)); or (c) a contracts and property committee (CPC), subject to the scope of review (see [9.4 Scope of review of CPC](#)).

The headquarters CPC (HQPC) was established pursuant to Financial Rule 117.01(c) and renders written advice to the ECPO with respect to: procurement activities; loss, damage or other discrepancies in relation to UNOPS property plant and equipment; write-offs; establishment of corporate dwelling facilities; and activities related to the engagement of individual contractors (ICA). In addition, Local CPCs (LCPC) have been established to render written advice to the Regional Directors.

Submissions to CPC require the following clearance by a clearing authority (in addition to the prior pre-clearance by a Procurement Reviewer):

- LCPC submissions: the head of the business unit (typically OH/OC directors, PC managers, cluster managers);
- HQPC submissions: the Regional Director or Deputy Regional Director; or, if from HQ, an HQ director or their designate (with the exceptions of the Finance Group (FG) and Internal Audit and Investigation Group (IAIG) Directors).

CPC review is not required (irrespective of the contract amount) when:

- a) The funding source is from the United Nations system or an International Financial Institution; and
- b) The project agreement specifies the official(s) authorised to notify UNOPS of the funding source's no-objection to contract issuance; and
- c) The funding source's authorised representative has already reviewed the evaluation process conducted by UNOPS and approved the award in accordance with the funding source's internal procedures; and
- d) The funding source's authorised representative has provided, in writing, his/her no objection to UNOPS for the issuance of contract and such is in accordance with the provisions of the project agreement; and Director of PG has provided prior clearance at Project Engagement Stage; and
- e) When the funding source is an International Financial Institution, waiving of contracts and property committee review is subject to a letter from the client stating that in accordance with the client's procedures, the International Financial Institution's no objection is enough in its own right to award a contract and a separate review by UNOPS contracts and property committee would be redundant and is not needed. In such situations, the contract may only be signed by an individual having the required level of delegation of authority per Table 1 in Section 2.4.

9.2 Membership/composition of CPC

CPC members are appointed by the ECPO. Current Chairpersons and members can be found on the HQPC intranet site, along with their Terms of Reference.

9.3 Organization of work/schedule of CPC

HQPC and LCPCs normally meet twice per week to review cases submitted. Refer to the HQPC intranet site for details of the schedules.

9.4 Scope of review of CPC

As per OD16 (rev 1), HQCPC shall render written advice to the Executive Chief Procurement Officer (ECPO) with respect to the following procurement activities (non-procurement activities are not included herein):

1. Proposed contracts, including those on the basis of pre-selection by the funding source, involving awards to a supplier in respect of a single request for a specific project or purpose, or a series of requests relating to the same specific project or purpose, which in aggregate have a value greater than or equal to the thresholds indicated in section 9.4.1 below in the last 12 months. If in the last 12 months an award was made by the ECPO after receiving written advice from HQCPC and a contract was issued to the supplier for the same project or purpose, the amount so approved by the ECPO for contract award and all preceding awards must be excluded for the purpose of calculating the aggregate amount; i.e. the most recent award made by ECPO after receipt of written advice from HQCPC will “reset the aggregate count to zero”;
2. Proposed contracts that result from an exception to the use of formal methods of solicitation and the value is greater than or equal to the thresholds indicated in section 9.4.1 below;
3. Proposed amendments or series of amendments to contracts, which in aggregate have a value greater than or equal to the thresholds indicated in section 9.4.1 below or which would increase the amount of the contract as previously recommended by HQCPC by more than 20 per cent, whichever is less. This irrespective of whether or not such an increase was contemplated in the original tender documents;
4. Proposed contracts of any value which could reasonably lead to a series of related contracts, the total of which may be greater than or equal to the thresholds indicated in section 9.4.1 below, including other indefinite quantity contracts;
5. Long-term agreements (LTAs) regardless of their value, with the exception of valid LTAs which have been established by other United Nations Organizations further to the provisions of chapter 14, Cooperation. LTAs that are recommended under exception require the no objection of the General Counsel;
6. Review of post-facto and retroactive situations with total value greater than or equal to the thresholds indicated in section 9.4.1 below, in order to provide advice to the ECPO on ratification of actions not conforming to the established review and award processes, and/or acceptance of charges against appropriate budgets;
7. Such other matters relating to procurement, including policy issues, as may be referred to HQCPC by the Executive Director or ECPO;
8. For multiple requested awards against the same solicitation exercise, HQCPC will only review the proposed contract awards for which the recommended contract values are above HQCPC thresholds, unless the award of the various lots is inter-related; i.e. a bidder being the lowest one for a certain number of lots only qualifies for a lesser number of lots due to post qualification issues such as capacity, turn-over, etc. In such situations, HQCPC review is required for all bidders. When the award of lots is not interrelated, recommendation for contract award must be submitted to the relevant procurement authority for amounts below HQCPC thresholds.

LCPCs render written advice to the regional directors. The thresholds for LCPC review of procurement activities are governed by the same rules set out for HQCPC in points 1 to 8 above subject to the following:

1. LCPC must not review requests for award of LTAs;
2. In determining the thresholds for LCPC review, the amount so approved by the regional director for contract award and all preceding awards to a supplier or individual contractor in respect of a single request for a specific project or purpose, or a series of requests relating to the same specific project or purpose during the last 12 months must be included for the purpose of calculating the aggregate amount; i.e. the most recent award made by the regional director after receipt of written advice from LCPC will not “reset the clock aggregate count to zero”; and
3. The regional director shall not make an award contrary to the recommendation of an LCPC. In the event a regional director disagrees with the LCPC, he/she may authorize the submitting officer to make a submission to HQCPC to appeal the recommendation of LCPC. HQCPC shall then make its recommendation to ECPO. In determining the thresholds for LCPC review, if an award was made by the regional director after

9.4.1 Monetary thresholds for CPC review

Table 7 | Monetary thresholds for CPC review

Procurement activity	LCPC		HQPC	
	Regional Director with DOA Level 3	Regional Director with DOA Level 4	Region with LCPC	HQ Groups
Contracts further to the use of formal methods of solicitation, and contracts further to pre-selection	US\$250,000 or above up to US\$500,000	US\$250,000 or above up to US\$1,000,000	BU with DOA 3: US\$500,000 or above BU with DOA 4: US\$1,000,000 or above	US\$250,000 or above
Contracts further to exceptions to the use of formal methods of solicitation, amendments, post facto and retroactive cases	US\$50,000 or above up to US\$250,000	US\$50,000 or above up to US\$250,000	US\$250,000 or above	US\$50,000 or above

Note: All LTAs must be reviewed by HQPC regardless of estimated amount

Issues relating to the thresholds/authority of HQPC or an LCPC (such as whether a particular submission should be submitted for review to HQPC or LCPC), shall be determined by the HQPC Chair, in consultation with the General Counsel if necessary. Such determination shall be made available in the intranet by the Chair, HQPC, for future reference.

9.5 Preparation of submission for review and award

In order to facilitate the review and award, documentation must be prepared summarizing the procurement process, all actions taken, and adequate justification whenever standard procedures have not been followed. It is crucial to document how each procurement activity complies with the procurement principles and applicable policies and procedures. Care must be taken to ensure that the documentation provides a complete and exact picture of the actual process.

Various templates and documents exist, depending on the monetary value and whether the submission goes directly to the PA or through a contracts and property committee (CPC). Personnel responsible for the procurement process should prepare the documentation and also assume responsibility for the accuracy of the information.

When less than three substantially compliant offers have been received for procurements using limited competition, the request for award must include the following:

1. Reasons for the lack of at three substantially compliant offers;
2. Justification of the reasonableness of the price (through market survey, benchmarking with previous purchase prices, comparison with market prices, etc.) as per section [8.7.1](#);
3. Foreseen actions to improve competition in future solicitations (except for instances where the reasons for lack of competition are clearly outside the control of UNOPS).

For award requests that require a CPC review, the online HQPC system must be used. The system has online forms adjusted to each type of submission and guides users as to the information required.

Recommendations for award submitted for approval of the PA directly must be done using the corporate templates and include the following information:

- Name of the bidder(s) recommended for award and country of origin;
- Description of the goods/services/works to be purchased;
- Contract amount for the award, and total contract amount awarded in the past 12 months;
- Justification of for the exception of formal methods of solicitation, if applicable;

- Information about advanced payments and performance security, if applicable;
- Confirmation of reasonableness of the price, if applicable (see [8.7.1 Justification of reasonableness of price](#));
- A copy of the evaluation report (see [8.10.1 Evaluation report](#));
- Results of background checks, if applicable (see [8.10.2 Background checks](#)).

9.6 CPC recommendations and decisions

CPC recommendations are made by consensus or simple majority voting of members present at the meeting. Should the votes be equally divided, the Chairperson shall have the casting vote.

CPC minutes and ECPO and Regional Directors' decisions are posted on the HQCPC intranet site.

9.7 Emergencies and exigencies

Expedited provisions for CPC review done under Emergency Procurement Procedures (EPP) are covered in section [15.4](#).

9.8 Post facto and retroactive

The UNOPS FRR require that award takes place prior to any commitment being entered into by UNOPS, e.g. prior to signing a contract for services, placing an order for equipment, etc. A post facto or retroactive situation occurs when a commitment has been made by UNOPS, or existed de facto, before an award of contract has been made. Post facto/retroactive approval of contracts is not a procurement process, but an administrative procedure, which allows for review and possible ratification of actions which were not undertaken in full conformity with the above review and award processes.

- Post facto case: where proper award has not taken place but services have been rendered and goods have been received and, in some cases, one or more payments have already been made to the vendor;
- Retroactive case: where proper award has not taken place and the goods have been ordered or the provision of services has commenced, but the goods have not yet been delivered, nor have the services been rendered. In some cases, invoices have already been submitted.

UNOPS FRR require that services or works are not to commence, and goods are not to be ordered, until a contractual obligation between UNOPS and the entity has been established by signature of both parties to the contract. With the exception of procurement activities with a value below US\$2,500 where no contract is required, every effort must be made to avoid a situation whereby services or works commence and goods are ordered prior to the establishment of a contract.

If a post facto/retroactive situation occurs, approval of payments and/or a contract must be obtained from the PA whose authority for post facto and retroactive cases covers the monetary value involved, with prior review by a CPC if required per the thresholds. Any irregularity in the procurement process identified in the post facto/ retroactive review may lead to disciplinary actions in accordance with [1.5 Ethical standards](#).

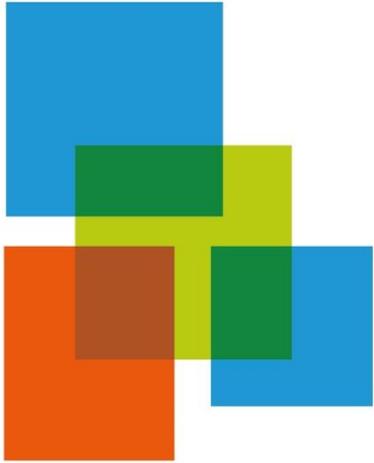
Two different scenarios exist depending on whether or not the procurement activity in question has been provided for in an existing budget:

- The procurement activity under review has been adequately provided for in the budget, but due process for reserving the funds and establishing the appropriate contract has not been adhered to. In this case the general procedures set forth in the Instructions for post facto and retroactive cases must be followed; (see AI/FPG/2012/01 on Advance Financing);
- Expenditures related to the procurement activity under review exceed the amount provided for in the approved budget. In this case, consultations with the funding source regarding the funding issue are to be recorded prior to any proceedings/ decision on the matter. In addition to the general procedures, the procedures for post facto review owing to insufficient funds must be followed.

All UNOPS personnel are expected to make every effort to avoid post-facto or retroactive cases. When they do occur, special approval of the PA is required before related payments are made or, if already made, for such expenditures to be accepted by UNOPS as legitimate charges against the appropriate budget line(s). It must also be understood that approval of the PA does not constitute, and must not be taken as the establishment of a precedent or justification for not taking timely and appropriate action(s) in compliance with the FRR and recognized procurement procedures.

Chapter resources

UNOPS policies	OD 16 (rev.1) Procurement Framework
Templates	Explanatory note shopping below US\$5K Request for award, US\$5,000 to US\$50,000 Request for award, US\$50,000 to US\$250,000 Request for award, US\$50,000 to US\$250,000, pre-selected contractor Request for award, contract amendment Request for award, contract amendment US\$5,000 to US\$50,000 Request for approval, post facto Request for approval, retroactive Quarterly reporting
Other useful resources	<i>Intranet site:</i> HQPC intranet <i>Intranet site:</i> HQPC system <i>Intranet site:</i> Quarterly reports



10 AWARDS

10 Awards

10.1 Award and finalization

Award is, as per UNOPS FRR, the authorization given by authorized personnel to establish a commitment. In the context of UNOPS procurement, this refers to decision that authorizes establishment of a contract with a selected supplier.

Contracts are awarded by the relevant authorized PA, and when applicable, based on recommendations from a contracts and property committee (CPC). Refer to section [2.5.2, Delegation of authority](#) and section [9.4 Scope of review of CPC](#).

An award may be made subject to the prior fulfilment of conditions, typically in the context of an approval by the ECPO or regional director, further to CPC review. UNOPS can enter into a contractual obligation with the supplier only after official award of contract by the relevant PA and fulfilment of any conditions to that award. If an ECPO or regional director award is made subject to the prior satisfaction of certain conditions, the business unit shall keep the relevant CPC secretariat informed of progress using the online HQCPC system.

For requests for award for any works contract, it is mandatory to include a contingency sum of between 6 percent and 12 percent in the procurement submission; which is an identified budget for necessary, unforeseen and unknown components of works and which is disbursed according to rules established in each of the works contracts. The contingency sum will not be specified in the contract, and the contract itself establishes the mechanisms to manage contingency (see [11.6 Works and construction contracts](#)). Any deviation to the contingency sum of between 6-12 % must be approved in writing by the Head of Infrastructure Implementation at IPMG. The latter may include procurement of large scale works done on behalf of a Government which is also the donor and such country has legislative constraints concerning contingency and this is stated in the project agreement, along with actions to mitigate the risk further to the review by the General Counsel and Director, PG.

For goods and services, if the submitting unit foresees that there may be an increase in the total contract amount due to an increase in the quantities required (i.e. additional goods or services), it may request the award of the base contract amount plus a margin not to exceed 12%. If the award is approved, the submitting unit may issue the contract for the base amount and then issue amendments up to the limits of the approved margin. The foregoing applies only where there is a change in quantities of items that have been approved with the original award and there is no change in unit price.

Contracts shall be awarded within the offer validity period. If it is not possible to award the contract within the original period of offer validity, an extension of the offer validity period must be requested from all bidders. A bidder may refuse the request without forfeiting its bid/proposal security. Bidders agreeing to the request will not be permitted to modify their bids/proposals but will be required to extend the validity of their bid/proposal securities (if applicable) for the period of the extension. As such, extensions must be requested as early as possible to allow bidders sufficient time to produce a new valid bid/proposal security before the expiration of the original.

The relevant PA must keep a note to the file or request for award on file for future reference, including the signed award decision or the justification not to award. For cases reviewed by a CPC and submitted through the online CPC system there is no need to maintain a hard copy of the submission on file, however minutes of the relevant committee and signed recommendations by the relevant PA must still be kept in accordance with established records retention policy (see [13.9 Maintenance of files](#)).

10.2 Vendor notification, debriefing and protest

10.2.1 Posting of awarded contracts

UNOPS posts on its website (<http://data.unops.org/>) information about all awarded purchase orders (including call-off orders), regardless of their value, with the exception of Individual Contractor Agreements (ICA), which are issued to individuals. Omitting to disclose contract award information undermines the procurement principle of transparency and is detrimental to the reputation of UNOPS. The notice of awarded contracts should contain a brief description of the contract, a reference to the track number, beneficiary country, funding source, the contract amount, the date of the contract, and the name and country of the supplier.

Once the purchase order (PO) is issued in the ERP system (oneUNOPS), the relevant information is automatically extracted from the system and posted on UNOPS website. It is therefore critical that the above information is entered

correctly. Furthermore, when a tender process has been carried out using the UNOPS eSourcing system, information on the contracts awarded will be posted on the UNGM website.

When the solicitation is for the establishment of a long-term agreement (LTA) and no contract will immediately follow the evaluation and award process, UNOPS shall issue written notification to the unsuccessful bidders and advise the name and the country of the bidder(s) to whom UNOPS will issue the LTA(s).

10.2.2 Protest procedures

Suppliers that believe that they have been unjustly treated in connection with a solicitation process or award of a contract by a UNOPS Business Unit may lodge a complaint directly with the General Counsel.

All bidders must be informed of UNOPS independent bid protest procedure in the solicitation documents as well as in subsequent contracts.

Procurement protest is defined in this context as any allegations made by a supplier with respect to failure of UNOPS or any of UNOPS personnel 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 complete, the protest must contain the following information:

- The protestor's name, address, telephone number and email address;
- The solicitation or contract number, the name of contracting office/Business Unit;
- 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;
- All information establishing that the protestor is an interested party for the purpose of filing a protest;
- All information establishing the timeliness of the protest.

Under no circumstances will the personnel involved in the procurement process under complaint be allowed to participate in the review of the protest. The GC will make an initial assessment of the complaint and may, at their discretion, seek clarification from the PA responsible for the procurement process or any other personnel as required. The GC will issue a response to the supplier. This response will reflect the final formal position of UNOPS on the matter. Suppliers filing complaints may be granted clarification meetings with the GC in order to better understand UNOPS final decision.

When a complaint is filed prior to contract signature, the contract may not be signed until the complaint is satisfactorily addressed. The contract may be signed, and the performance under the contract will begin according to schedule, if the PA, following prior consultation with the GC, determines that:

1. The goods, works, or services are urgently required;
2. Delivery or performance would be unduly delayed if a contract is not awarded promptly; or
3. A prompt award is in the best interest of UNOPS.

When a complaint is received after contract signature, the PA shall immediately suspend implementation pending resolution of the protest, unless, following prior consultation with a Legal Advisor, continued performance is justified in situations where:

1. Uninterrupted contract performance is in the best interest of UNOPS;
2. Urgent, compelling circumstances that significantly affect the best interest of UNOPS do not permit delay in the implementation of contract.

If the complaint received involves allegations of misconduct or fraudulent practices by UNOPS personnel, or to proscribed practices by vendors, the case will be referred to IAIG for further investigation. For more details refer to section 1.5 Ethical standards.

10.2.3 Debriefing procedures

UNOPS does not routinely debrief unsuccessful bidders. However, in the case of high value or complex awards, a debriefing may be conducted upon written request from an unsuccessful bidder.

The scope of the debriefing is to identify the technical deficiencies or weaknesses of the bidder's proposal. Debriefings do not discuss the following:

- a) Trade secrets or other proprietary information including the methodology or approach of other vendors;
- b) Financial or cost information about other vendors;

- c) Evaluation scoring or the ranking of the vendors;
- d) Other vendors' details.

Chapter resources	
Templates	Explanatory note shopping below US\$5K Request for award, US\$5,000 to US\$50,000 Request for award, US\$50,000 to US\$250,000 Request for award, US\$50,000 to US\$250,000, pre-selected contractor Request for award, contract amendment Request for award, contract amendment US\$5,000 to US\$50,000 Request for approval, post facto Request for approval, retroactive Call of orders against LTA-approval Notification unsuccessful bidders
Other useful resources	UNGM/Contract awards UNOPS data website



11

CONTRACT FINALIZATION AND ISSUANCE AND CONTRACTUAL INSTRUMENTS

11 Contract finalization and issuance and contractual instruments

11.1 Contract finalization and issuance

A contract is a written, legally binding agreement between UNOPS and a contractor, which establishes the terms and conditions, including the rights and obligations of the organization and the contractor.

In this section, the following content is covered:

- Contract preparation;
- Letter of intent;
- Contract discussions and negotiations with vendors;
- Advance payments;
- Signature, issuance and documentation.

11.1.1 Contract preparation

After a solicitation process, in which UNOPS has defined the requirements, a vendor is selected based on a bid or proposal, and offered a contract by UNOPS.

UNOPS model contracts must always be used unless the donor (e.g. the World Bank) imposes different templates or other formats that are routinely used in certain industry sectors (e.g. utilities, leases for property, electrical or water services) if approved by a Legal Advisor. The model contracts are UNOPS templates that must be completed using contract specific data.

Modifications and/or additions to the UNOPS standard contracts including annexes cannot be made without prior consultation with a Legal Advisor for legal terms and PG for commercial terms. Care must be taken not to include any requirements or conditions that contradict the UNOPS General Conditions of Contract (GCC), or the standard text of any of the documents.

Further to FRR 118.06, written procurement contracts shall be used to formalize every procurement activity with a monetary value of US\$2,500 or above. As such a oneUNOPS PO must always be issued by UNOPS for all procurement activities valued at US\$2,500 or above, except for procurement activities done under advisory services projects where UNOPS does not sign the contract. The PA may choose to issue POs for purchases below the value of US\$2,500.

Contracts must be issued and signed by both UNOPS and the supplier prior to any delivery of goods, and/or the start-up phase of works or services. The only exception to this is when the purchase order generated in the UNOPS ERP system (oneUNOPS) is used as the contract itself and it has been approved electronically by an appropriate PA in the ERP system.

If the vendor is not yet at the oneUNOPS vendor database, they will be requested to complete a supplier form, including their banking details, in order to create them as vendors in the ERP system. All vendors are approved in oneUNOPS by the UNOPS Global Shared Service Centre (GSSC) based in Bangkok.

11.1.2 Letter of Intent

A Letter of Intent (LOI) is a written statement of the intention to enter into a formal agreement and is often used to allow suppliers to mobilize for contract implementation before signature of the final contract can be affixed. LOI are not regularly used by UNOPS. For procurement of works, an LOI will not be used.

The LOI is a contractual instrument that entails substantial risk, and must therefore be used only after careful risk assessment, and only by UNOPS personnel with substantial and relevant contracting and technical experience. Responsibility for risk assessment rests with the PA, who shall be held accountable. Advice on assessing the risk can be sought from PG and/or a Legal Advisor.

If issued, UNOPS standard format for LOI must be used (unless the project agreement prescribes the use of a specific template required by the donor), limiting UNOPS responsibility and allowing UNOPS to withdraw the LOI with minimum legal and financial consequences.

An LOI shall only be issued after appropriate award has been approved, and only when all financial terms have been completely agreed upon with the supplier and all contract costs are known to UNOPS. Thus, an LOI can only be used to

initiate work while allowing additional time to finalize contract details such as detailed timeline, details of personnel, negotiation of non-financial contract clauses, etc.

11.1.3 Contract discussions with vendors

The purpose is to clarify any remaining issues that are not defined by the requirements in the solicitation documents, or by the vendor's offer, but which are essential for proper implementation of the contract (e.g. defining milestone payments against deliverables). Contract discussions should result in a clear understanding of terms and conditions agreed by the parties and their respective responsibilities under the contract.

Certain key areas, such as detailed delivery plan, milestones, payment schedule, and in certain cases, special terms and conditions, may form part of the contract discussions. However, this should not be confused with negotiations as these must be conducted prior to award further to section 8.9. And in the rare event that price negotiations take place after the award of contract, the CPC and/or the awarding PA must be informed as per provision in section [8.9](#).

There are no strict rules as to how to discuss pending details to be included in the contracts. It is important to note that UNOPS must inform the vendor it discusses or negotiates with that UNOPS only accepts offers in writing. Else, by law, the results of verbal contract negotiations could form a contract and the vendor could begin performance.

No negotiations of contract terms and conditions should take place following contract award as the modification of certain provisions (e.g. limitation of liability, insurance and liquidated damages) may disadvantage other bidders and expose UNOPS to the receipt of bid protests. If the bidder has not recorded any reservations regarding UNOPS conditions in its offer, UNOPS may choose not to enter into negotiations on contract terms proposed by that bidder, if selected.

11.1.4 Advance payments

Advance payments refer to payments made prior to receipt of goods or performance of any contractual service or works. Such advance payments are distinguished from the case of contracts for services and works, where the contract generally foresees performance of a series of services scheduled for completion/ delivery within the time frame of the contract.

These established delivery times for partial services (often referred to as 'milestones') constitute the basis for partial payments to the contractor, i.e. progress payments, which are intended as reimbursements of expenditures incurred and partial payments of contractor's fees already earned. However, should part of such payments be requested in advance of delivery of goods, services or works specified in the requisite contract, they would be referred to as 'advance payments'.

UNOPS FRRs, in rule 122.20 stipulate that except where normal, commercial practice or the best interests of UNOPS so require, no contract shall be made on behalf of UNOPS which requires payment(s) in advance of the delivery of products or the performance of contractual services.

If a common practice of advance payments exists in the industry/sector, which is often the case for construction works, or in order to avoid financial hardship on the contractor, an advance payment may be justified and this should be provided for in the solicitation documents. UNOPS contracts for works have their own established mechanisms to manage advance payments to avoid associated risks. The contract will also provide instructions regarding the reimbursement of any advance payments.

Examples of specific activities that may justify an advance payment are:

- a) Mobilization costs (mainly for construction works), such as purchase/lease of equipment/materials/ machines and/or transfer of same to the project site, establishment of base camps, and transport of personnel to the project site. The maximum amount of advance payment for mobilization should normally not exceed 10 percent of the total contract value, unless other factors are involved and justified by the bidder. Any request from the vendor for advance payment shall be justified in writing by the vendor in its offer. This justification must explain the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the requested advance payment amount;
- b) Start-up costs (mainly for services), i.e. purchase of airline tickets, down payments for rental/purchase of office premises/equipment on project site;
- c) Design or design adaptation costs, related to goods/machines that require design and manufacturing from scratch and/or where no production lines exist;
- d) Payment of lease (premises), payment of water/gas/electricity, etc.

Whenever an advance payment is agreed in accordance with UNOPS policies and procedures, the reasons therefore may be justified in writing. Such authorization shall be subject to such requirements for guarantees as per Table 8 below and shall normally not exceed US\$500,000 or 25 per cent of the total purchase price under the relevant contract, whichever is the lesser. Additionally, advance payments in excess of US\$250,000 shall not be made without advance receipt of an

irrevocable guarantee made in favour of UNOPS from a bank or other guarantor acceptable to UNOPS (for lower amounts it is also recommended but not mandatory).

Any exceptions to this rule may be authorized in writing by the Executive Chief Procurement Officer or his/her delegate. When submitting a request to the ECPO, proper justification shall be provided; e.g. a statement by the requesting authority within the funding source (i.e. the individual who signed the engagement contract or written delegation to another person), stating their acceptance of an alternative form of suitable security, or no security at all, in areas where contractors have extremely limited, if indeed any, access to bank guarantees.

When the vendor’s proposal is presented for recommendation for contract award, the evaluation team must summarize the assessment of request for advance payment, indicating whether an advance payment is justified.

In the event that a vendor requests an advance payment, UNOPS shall request the vendor to submit documentation regarding its financial status, e.g. audited financial statements. For this purpose, the evaluation team should review previous experience of UNOPS with the vendor, if applicable, and the financial solvency and reliability of the vendor must also be determined. This assessment may be based on a financial report. In addition, it shall be ensured that corporate registration documents are submitted with the offer and verified. Procurement officials shall examine references and, if desired, run a Dun and Bradstreet report to check that the supplier’s public record is in the best interest of UNOPS.

UNOPS contracts for works contain specific mechanisms for the management of advance payments (see [11.6.7 Important provisions in works contracts](#)). The contract will also provide instructions regarding the reimbursement of any advance payments. To mitigate the risks associated with advance payments it is preferable (although not required unless advance payment is over US\$250,000) to cover all advance payments with a bank guarantee. If a bank guarantee cannot be provided, the PA must prepare and sign a note to the file, explaining the due diligence carried out and how the risks to UNOPS have been mitigated. The PA shall then make sure that the procedures detailed above are complied with and that the proper documentation (as specified above) is kept on record. For more information on guarantee for advance payment, please refer to [6.5.2 Particulars and instructions to bidders](#) paragraph o.

Table 8 | Extract of Finance DOA, Table F: Advance financing and advance payments

FRR Ref.	Authority	Levels		Note
		Level A	Level B	
Rule 122.20	Approve advance payment requests	Yes, only RDs for own Region, up to US\$250,000	Yes, only the CFO, up to US\$1,000,000	Advance payments above US\$1,000,000 may only be approved by the DED or ED
Rule 122.20	Approve advance payments which exceed 25% of the contract amount	No	Yes, only the CFO up to US\$250,000	Advance payments above US\$250,000 (which exceed 25% of the contract amount) may only be approved by the DED or ED
Rule 122.20	Waive the requirement for a bank guarantee, in support of an advance payment	No	Yes only the CFO, for advance payments below US\$250,000	The waiver of the requirement for a bank guarantee for advance payments above US\$250,000 may only be approved by the DED or ED

11.1.5 Performance securities

Performance securities can be requested by UNOPS from the selected vendor in order to mitigate the risk of supplier non-performance and breach of contractual obligations (such as delivery of all equipment, services rendered, and works completed as per the contract). Securities and guarantees are normally issued in the form of an unconditional and irrevocable on-demand bank guarantee. However, bonds, demand drafts, cashier’s cheques or irrevocable cheques certified by a bank can be accepted in lieu of guarantees if approved by a Legal Advisor. This should be specified in the tender documents, along with UNOPS templates for the same if applicable. Refer to section 6.5.2, paragraph p for details.

If a performance security is required, the vendor shall provide a security for performance of the contract within a specified period of time of contract signature, in an amount which usually corresponds with a percentage of the total

contract value (normally 5-10%). The proceeds of the security (an established amount) shall become payable to UNOPS in the event of the supplier's failure to perform.

The performance security shall be returned by UNOPS to the supplier no later than thirty days following the date of completion of the supplier's performance obligation under the contract, including any warranty obligations.

11.1.6 Review and handling of bank guarantees and securities

Bank guarantees received by UNOPS in particular those for advance payment security and performance security must be reviewed upon receipt (and before disbursement of the advance payment, if applicable) for authenticity by a UNOPS personnel holding an appropriate level of DOA, as corresponding to the value of the guarantee and following the guidelines issued by the Finance Group (FG). See below Table 9 for details.

Table 9 | Extract of Finance DOA, Table A (Banking, Treasury, Cash Management)

FRR Ref.	Authority	Levels			
		Level 1	Level 2	Level 3	Level 4
Rule 122.20 (c)	Review bank guarantees for their authenticity	No	Yes, only bank guarantees of value up to US\$50,000	Yes, only bank guarantees of value up to US\$250,000	Yes, bank guarantees of any value

Where bank guarantees need to be reviewed and authenticated by FG, the requesting units are requested to provide details through the dedicated intranet site.

In general, a bank guarantee must be received via authenticated swift message in the first instance. Whilst guarantees can be provided in the form of a drafted letter on bank letter headed paper, UNOPS FG insists that all reasonable steps are taken to receive all guarantees via swift. This is an added level of security as it confirms beyond doubt the validity of the guarantee. Where an issuer cannot provide a bank guarantee via authenticated swift message, UNOPS FG must be consulted in order to accurately confirm beyond reasonable doubt the validity of the guarantee.

The following aspects will be verified regarding the bank issuing the guarantee:

- Credit rating of the issuing bank;
- Sovereign credit risk, in instances where the bank is wholly or partially owned by a state/government entity;
- If the bank is included in the pre-authorized list by UNOPS.

The process to authenticate a bank guarantee received on bank letter headed paper is detailed on guidelines issued by FG and includes checking the following:

- A definition of the parties involved: Principal, Issuing Bank and Beneficiary ;
- A reference to the underlying transaction/contract;
- The guarantee amount: the maximum amount payable and the currency in which it is payable;
- The period of validity;
- Documentation: Any demand for payment under the guarantee should be in writing and in addition to other documents which may be specified in the guarantee;
- Effective Clause: A Guarantee enters into effect on the date of issuance unless the terms of the guarantee expressly provide that such entry into effect is to be at a later date or is subject to conditions specified in the Guarantee and determinable by the Guarantor. In Advance Payment Guarantees, there should be a condition that allows for the guarantee to come into effect when the advance payment has been received by the Principal/Applicant;
- Reference to Applicable Rules: ICC Uniform Rules for Demand Guarantees (URDG758), ICC International Standard Practices (ISP98);
- Conditions for a Bank Guarantee Exercise, in particular: Disbursement upon initial request (initially) without any objections; being irrevocable; being unconditional; being non-transferable;
- A form of exercise of the beneficiary to the guarantee (bank), namely a written request (beneficiary's affirmation), sent as a registered letter.
- Information that a partial and multiple fulfilment is allowed, up to the maximum amount of the sum guaranteed;
- There are no unauthorized provisions;
- The guarantee is signed by authorized signatories.

Handling of bank guarantees

Bank guarantees, e.g. bid security, performance security or advance payment security, are original documents that can be cashed and will ultimately be returned to the bidder (unless UNOPS decides to encash them). As such, they must be kept in a safe place and extreme care must be taken when handling and filing them. It is the responsibility of the procurement officials to hand-over original bank guarantees to the finance personnel of the business unit. Finance personnel are required to:

- Keep the documents in a safe place;
- Keep track of the validity of the documents through a registry system;
- Notify the procurement official and project manager of the expiry date of the securities at least four weeks in advance.

11.1.7 Signature, issuance and documentation

All contracts must be signed by the PA on behalf of UNOPS and by a duly authorized individual on behalf of the vendor, except for the situations listed below. Once a PA with the relevant DOA has approved a contract award in writing, any other PA, regardless of his/her DOA level can sign the contract. A contract will come into force once it has been signed, in writing, by both contracting parties.

The contract should be issued in one original copy and the supplier should be instructed to return a countersigned scanned copy to UNOPS. Alternatively UNOPS may issue two original copies, sign both, send them to the supplier and instruct them to return one of the originals. The signed contract must be kept on record for future reference.

All pages of all the documents forming part of a contract or agreement to which UNOPS is a party, including all attachments, need to be initialled by duly authorized representatives of the parties, except for the page that contains the full signature block, which shall be signed by such representatives.

Once the contract has been prepared, there is no particular UNOPS practice regarding which of the contracting parties should first sign. However, in all cases, care must be taken to ensure that the signatories to the contract are legal persons for the purposes of contractual relations, and have the ability to represent and capacity to bind the respective contracting parties to the obligations there under.

Once a contract has been signed, it may be amended only if the contract provisions allow modifications and if additional related goods, services, or and/or works are to be provided/rendered by the same supplier in furtherance of the execution of the original contract. Each contract amendment must be in writing and must comply with applicable contractual terms and conditions and UNOPS procurement procedures. Please refer to [13.6.1 Contract amendments](#) for further guidance. All other situations call for a new solicitation process and establishment of a new contract.

Situations that do not require contract signature by UNOPS and/or the vendor

When the purchase order generated in the UNOPS ERP system (oneUNOPS) is used as the contract itself, signatures shall not be required as follows:

- a) UNOPS signature shall not be required where the PO generated in oneUNOPS has been approved electronically by an appropriate PA in the system;
- b) Vendor signature shall not be required where the goods are standard and have already been delivered and received; where the goods are to be delivered in a routine manner and where the vendor is known as a reliable source and the order value is small; where the industry is providing off-the-shelf goods and product return is easy; where there is an LTA that governs the PO; and where there is a PO change order and the order is issued for payment only or to close a PO.

Note: in addition to the above, if a contract has been signed in the form of a service contract or a contract for works, the related PO generated in the ERP system does not require signature by either party as is created only for accounting purposes.

11.2 Standard contract elements

A contract for goods or services between UNOPS and a supplier must, at a minimum, include:

- Instrument of agreement;
- Special conditions;
- UNOPS GCC for goods, services or goods and services;

- Technical specifications, TOR, SOW, budget (for cost reimbursable contracts), template for performance securities, delivery requirements, etc.

A contract for construction works between UNOPS and a supplier must include the following sections:

- Instrument of agreement;
- General conditions;
- Particular conditions (if applicable);
- Schedules.

11.2.1 Instrument of agreement

The contract must contain the following elements:

1. Identification of the parties contracted as well as the person authorized to act on behalf of the contracted party including: name, address and contact details. In the event that the contract is the result of a joint offer, UNOPS will usually contract with one entity which must always be the lead entity;
2. Scope of the goods/works/services being procured and the quantity being provided, as well as entry into force and time limits of the contract;
3. A reference to the contract documents (i.e. Special Conditions, UNOPS General Conditions, specific returnable forms included in the bidder's offer). For UNOPS contract for works, all required information must be included in the schedules. The works contract should not contain any other information or documents – specifically UNOPS solicitation documents – and the contractor's bid should not be attached to the contract;
4. Price and payment terms. Contracts must be denominated in the currency indicated in the bidder's offer, provided it was allowed for in the solicitation document. It is important to establish tangible indicators for payments, linked to milestones in delivery of services or completion of works. For works contracts it is common to have interim progress payments based on a regular measure of the works completed. Final payment must always be based upon acceptance of documentation for completion of services or works, or delivery of goods; Under these standard contracts, a payment modality must be chosen. UNOPS generally uses a form of 'lump sum' or 'unit price' contract (measured price in construction contracts):
 - A 'lump sum' contract is used whenever it is possible to determine with sufficient precision the quantity and scope of the goods/services/works required from the contractor;
 - The 'unit price' contract must be used only when the nature of the services/ work/goods makes it impossible to determine with sufficient precision the quantity of the services/works/goods required from the contractor. In this case, the contract sets a maximum amount for both the total amount and the provision of each component of the services (e.g. rate per work day, cost of each round- trip etc.), and establishes the applicable unit price. The maximum amount cannot be exceeded;
 - The use of percentage-based contracts measuring consultancy costs as a percentage of total construction costs is discouraged.
5. Contracts valid over a longer period (over 12 months) may contain price adjustments linked to officially published price indices to cover changes in work rates. The increase may also be estimated and incorporated as a fixed rate over the entire life of the contract. Contracts for commodities whose price may fluctuate over time (e.g., petroleum products, metal products, etc.) may be based on commodities/mercantile exchange prices (e.g. Platts index or LME) provided this is clearly specified in the solicitation document. For such contracts, it is good practice to specify in the contract that the final price shall not exceed a specified maximum amount and that the contractor should adjust the quantity accordingly so that the contract amount is not exceeded. The UNOPS Contracts for Works (Short Form, Measured Price, Lump Sum and Design and Build¹³) include specific clauses for price escalation. However, where possible it is strongly recommended to avoid using price escalation – this is the default setting for all UNOPS contracts for works. UNOPS Minor Works does not offer price escalation functionality and should not be adjusted for this purpose;
6. Duration of the contract. Starting and completion dates, as well as milestones for successful performance, must be precisely defined. The UNOPS contracts for works require definition of the commencement date and time for completion. A contract expiry date should not be specified;
7. Contracts for works and services must specify the name of key personnel, and their input in terms of estimated man-days/weeks/months;

¹³ The Design and Build Construction Contract and related templates are effective upon the release by IPMG.

8. As for any litigious matters arising out of a contract execution, the parties shall first attempt to resolve their dispute amicably through negotiations. If the dispute cannot be resolved amicably, the matter shall be resolved in accordance with the current UNCITRAL arbitration rules. No choice of law-clause shall be included in the contract documents unless special authorization is provided by the General Counsel. Instead, the arbitration provision shall state that in deciding the dispute, the arbitral tribunal shall be guided by general principles of international commercial law;
9. As a mandatory condition of doing business with UNOPS, it is necessary that suppliers as well as their subsidiaries, agents, intermediaries and principals cooperate with the Office of Internal Oversight Services (OIOS) of the United Nations, UNOPS Internal Audit and Investigations Group (IAIG) as well as with other investigative bodies authorized by the UNOPS ED and with the UNOPS Ethics Officer (during preliminary reviews in line with UNOPS whistle blower policy) as and when required. Such cooperation shall include, but not be limited to, the following: access to all employees, representatives, agents and assignees of the supplier; as well as production of all documents requested, including financial records. Failure to fully cooperate with investigations will be considered sufficient grounds to allow UNOPS to repudiate and terminate the contract, and to debar and remove the supplier from the UNOPS list of registered suppliers.

11.2.2 Special Conditions

The inclusion of Special Conditions must be approved by a UNOPS Legal Advisor. They should be incorporated in certain circumstances where changes and/or additions to the UNOPS General Terms and Conditions or the Instrument of Agreement are required, either prior to issuing the solicitation documents (see [6.5.6 Contractual information](#)), or as a result of the response received from the bidder during the solicitation process.

11.2.3 UNOPS General Conditions of Contract (GCC)

UNOPS has developed GCC for goods, services, goods and services, and works (depending on the nature of the procurement) establishing a legal framework that forms part of every contract. The GCC may not be changed. If modifications or additions are required, those shall be made in the form of particular conditions in consultation with a Legal Advisor.

The GCC contain specific provisions on mines, child labour, sexual exploitation, and the fundamental rights of workers. Suppliers signing UNOPS contracts automatically agree to abide by these conditions. Procurement officials should bring these clauses to the attention of the supplier at the time of signing the contract.

The GCC apply to all UNOPS contracts and form part of the contractual agreement between UNOPS and the supplier. They are either enclosed as an annex to the contract, or suppliers are referred to the UNOPS website where the GCC are accessible. In the case of construction works, the GCC are included as a fixed and non-modifiable part in each of the six FIDIC-based contracts especially adapted for UNOPS. GCC for the use of goods and services are not applicable for contracting of works.

UNOPS generally does not agree to the use of the general terms and conditions of the other party. If UNOPS is requested to do so and if this is not already specified in the signed agreement with the client, a Legal Advisor must be consulted for advice.

11.2.4 Technical specifications, TOR, SOW, design documents and schedules for works contracts

Technical specifications, terms of reference (TOR), statement of work (SOW), design documents and other specifications must always be attached as an annex to the contract, or their contents included in the contractual document.

In the case of UNOPS contracts for works, the technical specifications are explained and included in the schedules of the contract. The schedules reflect the technical specifications that need to be included, depending on the complexity of the contract and should include all necessary design details, drawings, bills of quantities (BOQ) etc. In UNOPS Design and Build Construction Contract¹⁴, the technical specifications are established as the employer's requirements.

If there is too much information to be included in the schedules, appropriate documents, e.g. drawings, general/particular/technical specifications and UNOPS internal guidelines and procedures manuals, can be incorporated by reference within the schedules and annexed to the contract. In these instances, the schedule must clearly identify the documents by author, title, date and revision number. Care must be taken that the content of the schedules is consistent

¹⁴ The Design and Build Construction Contract and related templates are effective upon the release by IPMG.

with the general and particular conditions of the contract. The schedules also contain certain forms of agreements, guarantees and warranties. The number and content of the schedules will vary depending on each of the contract types. The schedules also include guidance notes detailing the information that needs to be inserted.

11.2.5 Types of contractual instruments

UNOPS has developed standard contracts. These are covered in the following sections, as follows:

- Section 11.3: Purchase order;
- Section 11.4: Long-term agreement;
- Section 11.5: Blanket purchase agreement;
- Section 11.6: Works contracts: Contract for Consultant Services for Works, Minor Works Contract, Short Form Construction Contract, Measured Price Construction Contract, Lump Sum Construction Contract, Design and Build Construction Contract;
- Section 11.7: Service contracts: Contract for Professional Services, Small services contract.

11.3 Purchase order

A purchase order (PO) is a type of contract that documents the purchase of goods and/or services.

The UNOPS standard PO is the oneUNOPS PO. This must always be used, with the following exceptions:

- Orders generated through UN Web Buy Plus. In these cases, the UN Web Buy Plus PO shall be applicable. However, a separate PO must be issued in oneUNOPS for the purpose of committing funds (for values equal or greater than US\$2,500);
- In offices without oneUNOPS access, the model field purchase order (FPO) must be used. FPOs must not be used for amounts equal or greater than US\$50,000;
- The project agreement with the client requires that specific contract templates other than UNOPS standard templates (e.g. contract templates from the World Bank Group) shall be used. However, a separate PO must be issued in oneUNOPS for the purpose of committing funds (for values equal or greater than US\$2,500).

A PO is accompanied by a copy of the relevant packing and shipping instructions, as well as the GCC for goods (or reference is made to the GCC on the UNOPS website).

Purchase orders also refer to the following:

- Call-off orders against an LTA – see [11.4.6](#);
- Orders against a BPA – see [11.5.1](#).

11.4 Long-term agreement (LTA)

An LTA is a written agreement between an organization of the United Nations system and a supplier that is established for a defined period of time for specific goods or services at prescribed prices or pricing provisions and with no legal obligation to order any minimum or maximum quantity. LTAs are used to safeguard a reliable source of supply for goods and services at a competitive price, in accordance with pre-defined terms and conditions.

Since procurement through LTAs is a very efficient way to carry out procurement, all procurement officials must keep abreast of existing LTAs (i.e. as included on the UNOPS intranet and UNGM) and assess if an LTA could be used for their requirements. Procurement officials should also check UN Web Buy Plus as the items included in its electronic catalogue have been added further to the establishment of an LTA.

UNOPS has established a number of LTAs covering a whole range of requirements. An overview of existing LTAs, together with separate instructions and user guides on how to use them, can be found on PG's intranet LTA page. Particular care must be taken to comply with the instructions for each LTA as the basis for establishment of LTAs varies.

Note: LTAs are not used for the procurement of works, owing to the unique nature and complexity of the involved requirements.

11.4.1 Benefits and risks of establishing LTAs

LTAs can achieve significant benefits, including:

- *Competitive prices:* aggregating the volume over the life of the LTA may lead to lower prices for some types of goods/services based on the principle of economies of scale. LTAs can enable UNOPS to fully leverage its market

position taking advantage of its size, procurement volume and geographical presence in order to obtain best value for money. For instance, LTAs might include a provision that suppliers must pass on any price reductions obtained through bulk purchase to UNOPS. The same may apply to pre-defined discount schemes in the contract once a certain volume has been purchased by UNOPS;

- *Simplified business process leading to reduced transaction cost:* an LTA established by a single selection process allows call-off orders at any time during the life of the LTA, thus avoiding the time and resources needed for repetitive procurement actions, for the same set of goods or services;
- *Consistency in quality and reliability of source of supply:* by having established quality standards in the LTA, the time spent on inspection and possibility of rejection of goods/outputs are reduced;
- *Standardization of requirements:* promotes standardization of requirements across offices which could contribute to reduction in operation and maintenance costs and other efficiencies;
- *Reduced delivery lead time:* as many aspects are pre-agreed and specified in the LTA, the lead time between the call-off and delivery is significantly shortened and this is particularly relevant during emergencies. LTAs are particularly useful for goods that can be stocked, or services set up for immediate mobilization or deployment.

However, when LTAs are not set-up, used or managed properly, they may not necessarily represent value for money, reduce supply sources and expose UNOPS to other risks as follows:

- *Dependency on vendors:* extensions beyond the initially established duration could lead to unhealthy relationships or monopolistic behavior, perception of preference or collusion among suppliers resulting in uncompetitive prices, thus diminishing quality of service and creation of barriers to entry for other vendors;
- *Hedging:* if the requirement is for fixed prices over the entire life of the LTA, vendors tend to hedge prices and peg them at higher rates to compensate for possible price increases for the goods or services over the life of the LTA and which may not be advantageous if prices go down during the LTA period;
- *Opportunity losses:* because of their long term nature, LTAs could cease being the source of the best value for money or represent the optimal solution such as when new market players and/or better solutions enter the market over the life of the LTA, and/or when there are technological improvements and/or falling prices, thereby undermining the benefits offered by the LTA. Furthermore, when LTAs are used for larger volumes than originally estimated when it was set-up may not represent the best value for money if the goods/services lead to volume discounts that are not factored into the LTA.

11.4.2 Types of LTAs

There are three main types of LTAs set-up at UNOPS:

1. *Single vendor LTA.* One vendor supplying the total requirements for a given type of goods/services;
2. *Multiple vendor LTAs without secondary bidding.* Two or more vendors supplying the same requirements. Among others, the reasons for having multiple LTAs in place can be related to securing supplies at times of high demand through several sources, geographical location of the vendor (landed costs, shorter transit time etc.), ability to provide after sales service and support of the goods or provision of the services at the specified location, and the availability of different options such as for the establishment of product catalogues in UN Web Buy Plus.

Wherever UNOPS has established multiple LTAs with different suppliers for the same product or services, procurement officials shall make sure they select the LTA which best suits the specific requirement in the respective area of operations. The reasons for selecting a specific LTA for the issuance of call-off orders shall be documented in the procurement file including a value for money assessment;

3. *Multiple Vendor LTAs with secondary bidding.* Two or more vendors supplying similar or identical requirements, and the final placement of each call-off is determined through a secondary bidding. If secondary bidding is considered, it shall only apply to those components of a requirement with prices that are not fixed in the LTA (e.g. freight) or that are subject to ceiling prices. Other aspects, such as supplier capacity, delivery time and mobilization time at the time of request, may also be subject to secondary bidding.

Secondary bidding must be conducted as per section 6.6.7, Solicitation of offers against LTAs.

Note: some LTAs might include a combination of types #2 and #3 above, i.e. particular items, locations or conditions where orders can either be placed directly to one of the LTA holders or subject to secondary bidding. Instructions for usage of these types of LTAs must be clearly laid out.

The above types of LTAs can be further classified based on their geographical coverage:

- *Country specific LTA:* established for use by a specific Business Unit (PC, OC, OH) to procure goods or services required in-country only, with local or global vendors. The LTA is set-up and managed by the respective Business

Unit. An LTA that has been set-up in one country for goods and services sourced from within that country should not be used in another country, as the market conditions may vary between the two countries and usage across countries may not reflect value for money;

- *Regional LTA*: for use by a Business Unit in a specific region of UNOPS operation (e.g. Asia Region, Latin America and Caribbean, Africa, etc.) or by sub-regional groups. Such LTAs may be set up and managed either by the respective Regional Centre or a Business Unit within that region or sub-region;
- *Global LTA*: for use by all Business Units. Such LTAs are normally created and managed centrally by an HQ Unit (PG, CSG, etc.) or units with global presence such as the Peace and Security Cluster. This category is typically used for LTAs that feed the electronic catalogues of UN Web Buy Plus.

11.4.3 Establishment of a new LTA

The possible need for an LTA shall be considered during the procurement planning stage. If a business unit within UNOPS experiences or foresees an ongoing need for standard services or products, or requires emergency supplies on a recurring basis, it may consider establishing an LTA.

PG must be informed about all upcoming LTAs in advance, i.e. prior to initiating the procurement process, and, as necessary, will provide guidance on establishing the LTAs. As an LTA is created for a long duration and requires both upfront and long-term resources and expertise to set up and manage effectively, the decision to create an LTA should be based in a brief business case which should outline the following elements:

- Description of goods/services required;
- Type of LTA and geographical coverage;
- Past spend data in the category and planned spend;
- Expected duration of the LTA(s);
- Price adjustment method, if any;
- Expected benefits and risks of the LTA;
- Results of market research: number of potential vendors, location, etc.;
- Procurement strategy: solicitation method, type of competition;
- Procurement process timelines;
- Allocated UNOPS personnel for the procurement process and for contract management.

As per FRR, an LTA is a written document signed with a contractor, issued following a competitive selection process. As such, all LTAs must be established further to the use of formal methods of solicitation as described in chapter 6. Any exception to this, i.e. the establishment of an LTA further to an exception to the use of formal methods of solicitation (see [6.8 Exceptions to competitive tendering or formal methods of solicitation](#)) must be pre-cleared in advance by the General Counsel.

When establishing an LTA further to formal methods of solicitation, the tender document must be clear on the following points: type of LTA and geographical coverage; duration; price adjustment methods (if applicable); and the award methodology, especially when it is expected to award more than one vendor.

The establishment of all LTAs must be reviewed by HQCPC (see [9.4 Scope of review of CPC](#)) and approved by the ECPO. Instructions describing the use and applicability must accompany every established LTA.

In order to advance UNOPS sustainability objectives, it is recommended whenever possible to include alternative products with the same functionality but increased sustainability content, e.g. increased energy efficiency, to provide LTA users with a selection of more sustainable alternatives.

11.4.4 Duration of LTAs

LTAs are typically valid for a period of one to three years. LTAs may be extended for an additional period of up to 24 months, if provided for in the contract and subject to satisfactory supplier performance (to be documented in a supplier performance evaluation, see [13.2 Vendor performance monitoring](#)) and continued requirement of the goods and services covered, and if the prices offered are within the current market range, e.g. the cost of IT equipment often falls over time and it might not be in the best interest of the organization to extend such an agreement. Durations beyond this maximum period of 5 years (3+2) must be outlined in the business case (see [11.4.3 Establishment of a new LTA](#)) along with a justification on the need for such extended period and be approved in advance by the Director, PG.

LTAs might include a price adjustment mechanism, which must be considered in the procurement planning phase, specified in the original solicitation document and included in the LTA. The following approval procedure applies to LTAs with annual price adjustment:

- For price increases less than 10 percent, the PA must approve the increase documented by the procurement official in a note to the file;
- For price increases exceeding 10 percent, HQCPC review and ECPO approval is required;
- In all cases the justification for approving the price increase must be documented and kept on file.

11.4.5 Usage of other UN entity's LTAs

Please refer to section [14.1.3 UN entity long-term agreements](#).

11.4.6 Call-off orders against a LTA

A call-off order refers to an order issued against an existing LTA. Call-off orders are not subject to review and recommendation by a CPC however require approval by the relevant PA as per thresholds in Table 1, section [2.5.2](#). To be noted that the principles of cumulative/aggregate amounts do not apply to call-off orders.

When requesting approval of a call-off order, the PA must be provided an explanatory note in order to facilitate the decision-making. If the personnel with DOA (PA) has approved the call-off order but cannot sign the original document as they are not physically present, it can be signed by any PA.

In addition to ensuring that the PA has the required authority to approve the call-off order, the PA must also be satisfied that the instructions related to the applicability of the LTA have been followed. In particular:

- a) If the issuance of the call-off order is the result of a secondary bidding exercise, the PA must ensure that the ceiling prices specified in the LTA have not been exceeded;
- b) If the issuance of the call-off order is further to a multiple vendor LTA without secondary bidding (e.g. when the call off order is against a product included in a UN Web Buy Plus catalogue), that value for money is achieved;
- c) The PA must be satisfied that any specific conditions of the LTA are met, such as existence of maximum value for call-off orders, maximum cumulative value per year, etc.;
- d) If the LTA, whether established by UNOPS or by another United Nations entity, is based on an exception to formal methods of solicitation, the PA must verify at the time of reviewing the call-off order that valid reasons exist for standardization, accelerated delivery, etc.

Call-off orders must state the details of the relevant LTA, such as the LTA reference number or other specifics that facilitate future reference.

11.5 Blanket purchase agreement (BPA)

A blanket purchase agreement (BPA) is a written agreement between UNOPS and a supplier. A BPA is established for a defined period of time for clearly specified goods/supplies or quantifiable services at fixed prices or fees. While there is no legal obligation to order any minimum or maximum quantity from the supplier, BPAs often contain a delivery or other time schedule the supplier must follow.

BPAs are typically issued at the local level to satisfy straightforward and recurring operational requirements of a support nature. Typically, a BPA would be issued for supplies such as stationery or cleaning supplies to support a UNOPS office at the field level; for the delivery of potable water to a variety of locations; and car wash services or other similar requirements.

Any BPA that UNOPS enters into must have a defined contract ceiling, i.e. a maximum total expenditure under the BPA that is not to be exceeded during its 12-month duration. The agreed contract ceiling is fixed for the 12-month contract period and cannot be raised. If the BPA is still valid and the requirement persists, once the contract ceiling has been reached there must be a new competitive procurement exercise even if such ceiling is reached before the 12-month period. On an exceptional basis, if the ceiling amount has not been reached in a 12-month period, the BPA contract may be extended by an additional 12 months.

It is important that procurement officials closely monitor orders placed against a BPA and the related expenditures. Procurement officials shall flag to the PA any risk of a BPA exceeding the defined threshold well in advance and may not issue any orders against a BPA whose contract ceiling has been exceeded. The Director, PG, at his/her sole discretion, may request reports on existing BPAs and the number and value of orders (releases) issued against them.

For tendering of BPAs, the defined thresholds for the use of formal and informal methods of solicitation shall apply: owing to the US\$50,000 ceiling, an RFQ will suffice. Any BPA may not exceed a maximum contract ceiling of US\$50,000 during the 12-month contract duration. BPAs awarded in line with this ceiling are below the review threshold of a contracts and property committee.

11.5.1 Orders against a BPA

A release refers to an order issued against an existing BPA; releases require approval by the relevant PA. When requesting approval of a release, and in order to facilitate the PA's decision-making, procurement officials must provide an explanatory note containing the to-date number and total value of releases placed against the BPA.

Releases must quote the details of the relevant BPA, such as the BPA reference number, approved contract ceiling or other specifics that facilitate future reference. Once the approved maximum total contract ceiling has been reached no further releases may be issued against a BPA.

11.6 Works contracts

In 2010, a suite of tailored FIDIC (International Federation of Consulting Engineers) templates were introduced into UNOPS projects to support the effective and fair management of Works Contracts.

The primary purpose for using a FIDIC contract is to define the relationship between UNOPS and the Works Contractor, assigning risk in varying degrees to each party. These contracts are designed to allocate risks to the party best suited to owning and managing that risk.

Within UNOPS, we have six variations of the FIDIC Conditions of Contract:

- Consultant Services Contract for Works (White Book);
- Minor Works Construction Contract (Green Book);
- Short Form Construction Contract (Green Book);
- Measured Price Construction Contract (Red Book);
- Lump Sum Construction Contract (Red Book);
- Design and Build Construction Contract (Yellow Book).

The Consultant Services Contract can be used for design work and / or supervision of construction activities. Other uses include the provision of specialist technical services required to support the design process.

The Minor Works, Short Form, Measured Price and Lump Sum Contracts are structured so that the design of the works is supplied by UNOPS and they are primarily for the construction phase of the work. Except for the Minor Works Contract, they allow for some minor detailed design to be carried out by the Contractor.

The Design and Build Contract as suggested in the title places the responsibility for both Design and Build onto the Contractor. It should be noted that this is by far the most complex form of Contract to use and permission to use this contract must be sought from IPMG before doing so.

Selecting the correct contract up front is critical as it will frame the backbone of all other activities – design, standards and quality, supervision and how the handover and defect period is handled.

The contract will inform the project milestones and generate much of the information you will require to plan and manage your project. It governs the financial practices of the works including advances, bonds, payments, assurances and guarantees.

Each form of contract apportions risk to each party in a particular manner. As such the development of the appropriate procurement strategy that selects the form of contract should be risk based in nature and consider the balance of risk shared between the Parties to the Contract. Some default monetary thresholds have been defined to guide but may not always be the most appropriate, i.e. it is important to choose the contract based on the well-defined requirements and complexities of the works, and considering other factors, such as risk, expected contractor capacity, contractors' familiarity with such contracts, UNOPS own project capacity and standard practice in the given location. It is mandatory to obtain prior written approval of IPMG prior to using a contract outside of the default monetary thresholds. Written requests for approval must include a suitable justification.

Furthermore, contracts should be prepared and be in alignment with the project agreement between UNOPS and the founding source. For instance, in some agreements the DNP is not covered. The following sections provide further detail on each of the six works contracts. For further guidance please refer to the works contract management guidance issued by IPMG.

11.6.1 Contract for Consultant Services for Works

The Contract for Consultant Services for Works is based on the FIDIC White Book. It is used to engage consultants for design services, works supervision services, and/or other technical services such as feasibility studies, geotechnical investigations, construction survey services, etc.

The contract takes into account the technical requirements, insurance requirements, legal considerations and allocation of risks necessary for this particular case. Note that in the case of design services, reference to the applicable UNOPS design planning manual must be made to ensure designers will comply with such manual.

When contracting design services, it is important to establish that the contract is not considered finalized with the commencement of the related construction activities. Due to possible variations that may affect the agreed design solution during the implementation of the project, the design services period ends only with the delivery of the building or piece of infrastructure.

11.6.2 Minor Works Contract

For use on works less than US\$250,000 unless approved otherwise in writing by IPMG.

This Minor Works Contract is designed to be used when UNOPS seeks tender submissions and to engage contractors with low capacity to undertake the most basic of construction works on a lump sum or measured price/re-measurement basis.

The concept behind the standard Minor Works Contract is to simply enable a formal agreement between contractor and UNOPS. Most management of the contractor is carried out by UNOPS on a common sense basis with UNOPS managing the contract and supporting the contractor in delivery of the contractual obligations.

It is likely that the contractor is inexperienced with formal agreements and thus has less capacity to either manage the contract from their side or deliver the expected level of quality control without assistance. The contract has no capacity to handle price escalation. It has a simple variation and contingency capacity that should be adequate for simple and minor works.

Indicators for the use of a more robust contract (the Short Form for example) would be experienced contractors, technical or logistical components of the works that are not commonly found, challenging site conditions or other elements liable to change during the works.

11.6.3 Short Form Construction Contract

For use on works with a capital value between US\$250,000 and US\$1 million unless approved otherwise in writing by IPMG.

This Short Form Construction Contract is designed to be used when UNOPS seeks tender submissions from contractors to undertake routine construction works priced on either a lump sum or measured price basis.

The Contract has default thresholds for variables in the Schedules that will require project specific inputs by competent technical UNOPS personnel under direction of the project manager. It has an integral contingency capacity for variations to works as standard that should be used. It can facilitate price escalation if required although not recommended as a default.

If a lump sum basis is used for the Contract, the documents must include a detailed Schedule of Rates to enable effective management of any variations to the Contract.

If the works are to be taken over in parts, the timing for taking over a part of the Works has to be managed through milestone payments. Works that require a more stringent partial take-over process (i.e. if completion dates and delay damages for each part of the works is required) then the more complex Measured Price or Lump Sum Construction Contracts should be used.

Indicators for the use of the more robust contract (the full Measured Price or Lump Sum contracts) are; technical or complex works with technical and performance risks, a high probability of unforeseen conditions subject to change, a highly competent contracting environment, use of international designs or contractors.

11.6.4 Measured Price Construction Contract

For use on works with a capital value over US\$1 million unless approved otherwise in writing by IPMG.

The Measured Price Construction Contract is designed to be used when UNOPS seeks tender submissions from contractors to undertake construction works priced on a measured price/re-measurement basis.

The Contract has full functionality and protection for all parties. It is the most robust and comprehensive of our contracts. It is designed to be used on complex works with competent contractors and experienced UNOPS personnel. Works that it would be applied to would most likely have complex technical components and a high probability of variation of the works due to unforeseen circumstances.

The contract has default thresholds for variables in the Schedules that will require project specific inputs by competent technical UNOPS personnel under direction of the project manager. It has an integral contingency capacity for variations to works as standard that should be used. It can facilitate price escalation if required although not recommended as a default.

This contract requires experienced and professional management with strict adherence to time based commitments. If used on too small or simple works it can be cumbersome in administration however when used for suitable works it will provide a reduction in risk, confusion and will be more effective than using a simpler contract.

If the Works are to be priced on a lump sum basis then you must use the UNOPS Lump Sum Construction Contract.

11.6.5 Lump Sum Construction Contract

For use on works with a capital value over US\$1 million unless approved otherwise in writing by IPMG.

The Lump Sum Construction Contract is designed to be used when UNOPS seeks tender submissions from contractors to undertake construction works priced on a lump sum basis.

The Contract has full functionality and clearly defines obligations placed upon all parties. It is designed to be used on complex works with competent contractors and experienced UNOPS personnel.

The contract has default thresholds for variables in the Schedules that will require project specific inputs by competent technical UNOPS personnel under direction of the project manager. It should be noted that the Lump Sum Contract is not a fixed price Contract and is subject to variations in Price should the work scope or conditions expected at time of tender differ from those experienced during the execution of the works.

The Contract must be supported by a detailed schedule of rates to ensure that Variations can be fairly valued and have a complete BOQ to enable full recognition of the scope of the works.

The Lump Sum Contract has an integral contingency capacity for variations to works as standard that should be used. It can facilitate price escalation if required although not recommended as a default.

Whilst the payment process will be based on sectional completion milestones making measurement of the works more straightforward, the project teams should maintain vigilance to ensure that the works are delivered to the required quality standards and not reduce the level of effort required to manage the works.

This contract requires experienced and professional management with strict adherence to time based commitments. If used on too small or simple works it can be cumbersome in administration however when used for suitable works it will provide a reduction in risk, confusion and will be and will be more effective than using a simpler contract.

11.6.6 Design and Build Construction Contract

The Design and Build Contract as suggested in the title places the responsibility for both Design and Build onto the Contractor. Due to the complexity of this kind of project, it is mandatory to obtain prior approval from IPMG before issuing an RFP for Design and build Construction Contract or using a Design and Build Construction Contract¹⁵.

The UNOPS Design and Build Construction Contract provides the requirements and conditions of this modality and is aligned with the Design Planning Manual for the corresponding part of the design.

It is critical in case of a design and build approach to have a well-prepared set of Employer's Requirements before proceeding to tender. Preparation of Employer's Requirements is a skilled task and should not be underestimated. As with a full design, the Employer's Requirements will be subject to a design review and a Certificate of Design Review Compliance will be required before going out to tender for a Design and build Construction Contract.

11.6.7 Important provisions in works contracts

- **Retention:** Retention refers to an amount of money (expressed as a percentage rate in the contract, normally 5-10%) withheld from each and every payment made to the contractor that gives the Employer (UNOPS) leverage to make sure the contractor performs the works satisfactorily.

¹⁵ The Design and Build Construction Contract and related templates are effective upon the release by IPMG.

The conditions in the works contracts state that one half of the retention will be paid to the contractor within 14 days after issuing the Taking-Over Certificate, and the remainder of the retention within 14 days after receiving the Final Completion Certificate.

- **Bank guarantee for performance:** When UNOPS holds an unconditional and irrevocable on-demand bank guarantee (or similar instrument) from a contractor in order to ensure performance of the works (see [6.5.2 Particulars and instructions to bidders](#), paragraph p and [11.1.5 Performance securities](#) for details). If the performance of the contractor is unsatisfactory UNOPS can terminate the contract and if necessary cash the security to recover monies owed. This practice must be carried out within the terms of the contract. The contract for works must demand a performance security in the form of a bank guarantee (normally 5-10% of the works' value). Any bank guarantee for performance must be valid until the Taking-Over Certificate for the whole of the works, when it can be reduced by half. It must be valid until the Final Completion Certificate is issued or the final resolution of any dispute between the parties under the contract, whichever is the later. *General note on retention and performance security:* the amount of the retention and performance security should be seen in parallel. Normally it is advisable 5-10% of the contract value for retention, and 5-10% for performance security – depending on the project, the risk, the contractors etc. It is not mandatory to have both, although they serve slightly different purposes. However, combined value should normally not exceed 10% of the total contract value.

IPMG's preferred option is to have a 5% bank guarantee at the commencement of the works and a 5% retention withheld from each and every interim payment made to the contractor, and to release the 5% bank guarantee at taking-over and keep the 5% retention through the defects notification period. However if this is the case it must be clearly reflected in and done in accordance with the contract signed with the contractor.

- **Bank guarantee for advance payments:** An advance payment can be made to the contractor that will enable them to commence the works and get to the first interim payment within their financial means. However, the use of advance payments is discouraged wherever possible. Another option to improve a contractor's cash flow is to make more regular payments. For works contracts, advance payments should normally not exceed 10% of the total contract value.

Bank guarantees are required in these payments to avoid the involved risk. All such guarantees accepted by UNOPS shall be unconditional and on demand, and the necessary templates are provided in the contract. UNOPS rules stipulate that advance payments over US\$250,000 must be covered by bank guarantee, however but it is also recommended for smaller amounts (see [11.1.3 Advance payments](#) for details).

To recover the advance payment, UNOPS will state in the contract a percentage rate that will be deducted in each interim payment until the advance payment amount has been repaid. It is recommended to recover the advance payment approximately half way through the works, i.e. they should set the minimum amount that will enable contractors to mobilise and reach the first payment.

- **Price escalation:** is the practice of having a mechanism to increase unit prices throughout the contract life that should reflect inflation. It is more commonly used in large contracts in areas with significant inflation. Some locations use it very commonly throughout the general construction industry and in these locations there are well defined mechanisms to control it. It may be the case that if you do not include it in the contract you will fail to attract competitive bids.

If it is the standard practice in your area of operation it may be preferable for you to use price escalation to avoid contractors tendering inflated bids to cover for unknown inflation and unfamiliar contract terms and conditions. Given the volatile working environments that UNOPS operates in and the potential for significant price escalation (it rarely goes down but sometimes does, such as the recovery from post disaster scenarios) over time, it may be considered prudent to consider a price escalation clause for construction periods of greater than 18 months duration.

If there is a clear indication of a significant future rise in cost, the Contractor could be assumed to have considered it in setting the relevant contract rates. Note that this is effectively betting on the future value of materials and labour and the project manager needs to evaluate the potential cost of this approach compared to having an established escalation mechanism in place in the contract alleviating the guesswork.

UNOPS Short Form, Measured Price and Lump Sum Construction Contracts all have the ability to cope with price escalation. Particulars of the price escalation methodology are to be inserted in the Schedule of Contract Price.

The default FIDIC terms are available, alternatively many countries have well developed standard methods for price escalation and if this is the case it is recommended you use them.

The UNOPS Minor Works Construction Contract does not offer price escalation functionality and should not be adjusted to offer price escalation. If you wish to use price escalation you will have to use the Short Form Construction Contract.

- **Contingency and variations:** Professional planning and implementation of physical infrastructure works requires a contingency allowance, which is a manageable and identified budget for necessary, unforeseen and unknown components of works within the overall general scope.

Planning and implementing infrastructure works is complex. It will always contain unknowns. To not include a contingency allowance in any works contract would generally be negligent or at the least expose UNOPS to unnecessary additional risk and cost in delays due to the need to approve expenditure for contingency related works.

A contingency sum of between 6% and 12% should be included in the request for award (for exceptions on these percentages please refer to section 10.1). The contingency is obligated with the works itself as an integral component of the procurement process. The level of contingency required should be based on the understanding of potential unknowns such as ground and climatic conditions, contractor maturity and other risk factors. The project manager must balance these risks (and therefore the contingency value) against the budget for the works as it does lock in funds. Conversely, the impact on timeline of further submissions due to insufficient contingency is a consideration.

The contingency value is not to be specified in the contract (only the mechanism to manage variations) but is reflected in the award amount. The project manager (Employers Representative) may use this contingency with no additional procurement process to manage Variations. Any variation that utilises the contingency but is not covered by rates in the BOQ or Schedule of Rates would be subject to a contract amendment. For further details please refer to section [13.6.2 Change management for works](#).

- **Taking Over Certificate** is issued when the specified certifier considers that the whole of the works (or part) of the Works has been completed and ready for beneficial use.

Taking over is often referred to as substantial completion; it is not always the case that the works are 100 percent finished, minor elements of the works can be finished within the Defect Notification Period but only with the approval of the Employers Representative. At the point UNOPS is issuing the Taking Over Certificate, UNOPS effectively takes possession of the works. The project manager should ensure that immediate handover to the beneficiary takes place at this time.

This occasionally creates complications for UNOPS if the beneficiary does not want to take ownership of the asset. Care should be taken that if UNOPS is to hold the work in their possession for any period of time sufficient budget and planning has been carried out to cover for security and insurance of the works for the period in question.

Normally at taking over UNOPS returns to the contractor half of the Retention and the Bank Guarantee, whilst the other half is returned at Final Completion. This will be in line with the actual values specified in the contract. UNOPS best practice is to plan the taking over process such that UNOPS immediately pass on the works to the end user/ client. This will alleviate UNOPS from risk in having possession of the works for any period.

Plan this process well in advance with the client and user such that they are prepared to take over on the same day as we issue the Taking Over Certificate to the Contractor.

- **Defects notification period (DNP)** is the period between taking over and the final completion of the works, and the contract itself. The DNP is to enable time for any defects to become known and made good. Ideally, this time period is sufficient for the works to pass through one seasonal cycle or a full cycle of use.

Throughout the DNP, UNOPS must carry out regular inspection, highlighting any defect and seeing that the contractor makes good at their own cost. If these defects are major and prohibit the use of the works it should be considered that the DNP for that item restarts, thus extending the total DNP and contract length.

This would in most cases affect the UNOPS / client agreement and would need to be taken into consideration prior to extending the defect period. It is not encouraged to extend the defect period of any one item unless it is a very major issue with a likelihood of the defect repeating.

A DNP for 12 months is a mandatory requirement for works contracts. A different DNP period can be appropriate depending on the circumstances and nature of the works (for example, when the works are short term temporary camps or minor works such as boundary fencing to a compound), but in such cases, prior written approval of IPMG is required.

Note however that this issue should be discussed first at engagement level when UNOPS is entering into a project/funding agreement with its client. Ideally, the project/funding agreement should remain open to cover

UNOPS costs in monitoring the DNP. If not possible a solution should be found to cover such costs. Reducing the DNP should be avoided and should only be decided with the approval of IPMG.

- **Final completion** is the end of the contractor's obligation or responsibility to UNOPS and the works. At this point the responsibility for the works rests with UNOPS until UNOPS makes final handover to the end user or client. It is also recommended to coordinate this event to take place concurrently with final handover to the client.

At final completion UNOPS returns the bank guarantee for performance and makes the final payment to the contractor and return the final balance of the retention if applicable. This is, of course, subject to any performance issues, expenditure incurred in rectification of defects on behalf of the Contractor. All of these items must be agreed in accordance with the contract conditions.

11.7 Service contracts

11.7.1.1 Contract for professional services

The contract for professional services is used in order to contract entities to perform services, generally valued above US\$50,000. Such contracts for services must be accompanied by a copy of the UNOPS GCC for services as an annex, as well as any other relevant annexes (e.g. TOR). A separate PO must be issued in oneUNOPS for the purpose of committing funds (mandatory for values equal or greater than US\$2,500).

11.7.1.2 Contract for small services

The contracts for small services is used to contract entities to perform simple services valued below US\$50,000. General conditions must be included as an integral part of a small contract for services. A separate PO must be issued in oneUNOPS for the purpose of committing funds (mandatory for values greater than US\$2,500).

When feasible, the oneUNOPS PO can be used in lieu of the small contract for services, to avoid having to issue two separate documents. However, relevant instructions and special conditions, together with the general conditions shall be included in the oneUNOPS PO.

11.8 Procurement of assets

When procuring Property, Plant and Equipment (PPE or simply assets) such as IT equipment or vehicles, it must be indicated in the oneUNOPS PO. When creating an oneUNOPS PO for PPE there are additional steps that must be followed. The exact instructions are provided on the oneUNOPS support site.

Furthermore, the procurement official must ensure that the correct asset category is indicated in the oneUNOPS PO. In line with the UNOPS FRRs, the correct identification of assets at procurement and receipt stage will guarantee that organizational assets are effectively tracked and reported in the financial statements. For the correct asset categories, buyers must refer to the AI/EO/2011/02 (rev1).

Chapter resources

UNOPS policies	AI/EO/2011/02 (rev1) – Management of Property, Plant and Equipment
Guidelines	BPA Guidelines PO terminology for goods
Templates	UNOPS GCC for goods UNOPS GCC for services UNOPS GCC for goods and services Letter of intent Contract for professional services Contract for small services LTA goods and services LTA instructions Blanket Purchase Agreement BPA - supplier performance evaluation Field purchase order Minor Works Contract Short Form Construction Contract Measured Price Construction Contract Lump Sum Construction Contract Contract for Consultant Services for Works
Other useful resources	Intranet site: FG guidelines on authentication of bank guarantees Intranet site: LTA intranet Intranet site: IPMG template library



12

LOGISTICS

12 Logistics

Logistics is the process of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and related information from point of origin to point of consumption for the purpose of conforming to customer requirements. In this chapter, the focus is put on the aspects of logistics that are most relevant to the procurement process.

12.1 Overview

12.1.1 Logistics planning process

Effective logistics planning considers activities throughout the various steps of the procurement process. It is one of the key factors in ensuring efficiency of the procurement process and minimizing risks of increased costs and delays. Proper and timely logistics planning is instrumental in minimising the associated environmental damage.

Logistics planning begins at the needs assessment phase of the procurement process by considering the desired result of the requisitioner and the end user and identifying the actions needed to ensure successful completion of the activity. The key requirements are close collaboration and effective communication between the requesting business unit and the procurement official.

The following steps in the logistics planning process should be considered at the various stages of the procurement process:

1. Understand the operational context of the required product and, to every extent possible, assist in developing specifications for shipping, delivery etc. suitable to local conditions;
2. Determine urgency of the requirement. Urgency may determine location of the purchase and the mode of transport;
3. Determine the type of sourcing, mode of transport, any possible transport requirements (e.g. uninterrupted cold chain), the available lead time and the financial resources for the procurement activity;
4. The use of different modes of transport as well as different logistics corridors incurs different costs but also has an impact on lead time and the environmental impacts of the transport. A sea and/or overland route may be less expensive but might lead to difficulties and delays such as clearing the goods while transiting through different ports and countries en route to the final destination. An alternative air-route may pose more adverse environmental impacts and be more costly, but it may significantly reduce transport time. The total supply chain lead time and cost must be taken into consideration when determining how and where to purchase the required product in order to meet the end user's needs in a timely and cost-efficient manner;
5. Consider the sustainability impact of different logistics modalities. Procurement planning provides opportunities for considering freight minimization or freight avoidance strategies: distance avoidance, speed avoidance, product weight reduction, product volume reduction, packaging weight and volume reduction.
Opportunities for multimodal transport and modal shift should also be considered at this early stage, together with collaboration with other UN agencies to maximise transport efficiencies;
6. Determine markets that are best positioned to respond to the end user's delivery requirements by evaluating the offers, in addition to conformity with the technical criteria, on the basis of total delivered costs and lead times. There is usually a trade-off between transport costs and delivery time. The relative importance of these factors will determine where the goods should be purchased and the mode of transportation. Geographic distance does not necessarily determine cost and delivery time.

Accepting a more expensive offer in order to meet the requested delivery lead time must be carefully assessed and discussed with the requisitioner and end user in order to maximize effective use of funds. When the delivery lead time is the primary factor in awarding a contract, it shall be clearly stated in the solicitation document. Where the delivery lead time is stated as a mandatory requirement, any offer not in compliance with the required delivery schedule should be rejected.

Some suppliers may speculate with the required delivery time and offer a delivery time within the stated requirements knowing that they will not be able to perform. UNOPS makes a provision for such instances with 'liquidated damages' as stated in the GCC. The solicitation documents must always refer to the GCC;

7. Verify completeness of the delivery and transport requirements and available budget. The cost of transportation may become a significant component in the cost of goods procured and delivered to the designated destination. In logistics planning, the seemingly cheapest alternative may not always be the option that offers the lowest overall cost. A low-cost, but poor delivery strategy may result in delays, damaged or stolen goods, excessive port charges, etc.;

8. Determine the most cost-effective means of contracting transport, i.e. should the selected supplier of the goods arrange the transport of the purchase goods, or should UNOPS contract transport independently. In rare cases, UNOPS can also arrange transportation using its own resources (e.g. transportation of goods in project vehicles by project personnel);
9. Solicit for freight services, if the transport will be contracted to an independent freight forwarder. Confirm the existence and competitiveness of existing LTAs for freight services. For large consignments, conventional shipments, or bulk shipments where more favourable rates can possibly be obtained, spot tenders are advisable;
10. Insure the consignment in accordance with UNOPS instructions (see [12.4 Insurance](#));
11. Ensure the completeness and accuracy of shipping documents received from the supplier and the freight forwarder and that the consignee has received its set of documents (see [12.3.2 Shipping documents](#)). Include in your procurement planning any special import or export restrictions and/or regulations (e.g. pre-shipment inspection, special dangerous goods packing);
12. Ensure that necessary arrangements are in place to clear the cargo on arrival. Depending upon the procedures in the country of destination, the consignee could be responsible for custom clearance of the goods; however, customs clearance is part of the procurement process, and should be included in the procurement planning.
Arrange for acceptance of goods on arrival by the receiving unit and ensure that claims are initiated within the time frame stipulated in the cargo insurance in order to secure the interests of UNOPS in the case of a missing or damaged cargo;
13. Obtain acknowledgement from consignee that the shipment has been received in good order;
14. Determine and compare the actual total lead time, including logistics activities with the lead time estimated at the outset of the procurement process and document the lessons learned.

Throughout this process, the requisitioner and/or end user should be kept informed of expected and actual delivery dates in order for them to consider the updated information in their local planning.

12.1.2 Logistics requirements for goods

The following logistical aspects must be considered in order to avoid unnecessary and costly urgent purchases as well as delays in the delivery of goods:

- Packing and shipping;
- Labelling and shipping marks;
- Modes of transportation;
- Routes and frequency of means of transport;
- Freight forwarders;
- Incoterms;
- Cargo insurance;
- Shipping documents;
- Receipt of consignment;
- Demurrage/storage/parking charges days;
- Off-loading at destination;
- Special import/export restrictions for the countries of origin and destination.

12.2 Packing and labelling

12.2.1 Packing

Required packaging is determined by the nature of the goods, the mode of shipment, the climatic conditions during transit and at the destination and local legislation. The durability, size and weight of the packages must also be considered. It is a reasonable assumption that shipments will be handled roughly and loaded and offloaded numerous times before reaching the final destination. As such, it must be ensured that the involved equipment, warehouse facilities, operators and labourers all have the capacity to handle the goods in the chosen packaging, e.g. not all port facilities can handle 20 ft. containers, while axle weight road restrictions and maximum vessel draught for shallow ports must be studied for certain shipments. The climatic conditions at the end destination and in transit should also be considered to make sure that packaging would withstand heat, cold, rain, humidity, mould, dust, salt water spray, etc. Further, monitors, cold chain equipment and air freight must be used for those goods that require a constant temperature.

Unless the goods are shipped in 20ft/40ft containers (see Table 10), UNOPS must always specify that they be shipped below deck in order to avoid damage during transport (e.g. risk of rust, humidity, etc.). Containerization of cargo might be considered for extra protection, though this may increase costs. If containers are used, UNOPS should try to ship only full containers, as the shipping rate is typically per box rather than by content weight/volume (unless total allowable payload is exceeded). The use of LCL (less than full container load) containers that consolidate consignments from different clients exposes UNOPS to the risks of theft, pilferage and delays if any of the consignments experience customs clearance problems at any transit point. Further, small consignments risk delays while waiting to make up a full container load.

UNOPS packing and shipping instructions are documents specifying how goods are to be packed and shipped, and whom to notify upon shipment. They list all documents required for customs clearance and for payment purposes. Packing and shipping instructions must be attached as an annex to all POs, and include the packing and shipping instructions specific to the Incoterm used (see [12.3.3 Incoterms](#)).

Packing and shipping instructions can contain requirements on more sustainable packaging solutions, such as:

- Percentages of recyclable packaging content, with plastic parts heavier than 25g identified according to ISO11469 by material type;
- Percentages of recycled packaging content;
- Take-back or reusable packaging options;
- Packaging not containing PVC;
- Heavy metals not intentionally added to any packaging or packaging component.

Table 10 | Containers: size, volume, payload and types

Dimensions	20 ft	40 ft.
Inner length (approx.)	5.90 m	12.02 m
Inner width (approx.)	2.33 m	2.33 m
Inner height (approx.)	2.35 m	2.35 m
Payload (approx.)	19.5 Metric tons	19.5 Metric tons
Cubic metres (approx.)	33 m ³	67 m ³
Dry cargo type (DC)	Most common type of container	
Open top type (OT)	No hard top	
Flat rack type (FR)	No top and no sides, only end walls	
Refrigerated type	For the transport of perishable items	
Super / High Cube type (HC)	Higher than standard dry cargo containers	

12.2.2 Labelling and shipping marks

To facilitate the identification of goods and handling whilst in transit, suppliers must be instructed to provide shipping marks on all packages. The marks should include:

- Consignee name;
- Destination;
- Port of unloading;
- Project identification;
- UNOPS PO number;
- Case number;
- Any special handling instructions (e.g. fragile, this end up, etc.).

Listing contents of the packages should be discouraged to minimize theft and pilferage.

12.3 Shipping and transportation

12.3.1 Transport modes

Four basic modes of freight transportation are used, either individually or in combination: sea, rail, road, and air. UNOPS must consider economic factors, efficiency and environmental impacts when choosing the mode of transport. Sea freight is usually the cheapest mode of transportation. In certain cases, air transport can be twenty times as expensive as sea freight. The balance of operational parameters such as time and financial resources should determine the mode of transportation.

Procurement officials should prioritize transport preferences in accordance with the following criteria:

- The cheapest means of transport that meets delivery requirements;
- Scheduling through the fewest number of transshipment points;
- Shipping via preferred transshipment points and customs;
- Using dedicated freight forwarders, preferably under UNOPS or UN LTA, wherever possible;
- Using freight forwarders with proven records of good performance in managing their social and environmental impacts;
- Avoiding shipping by air unless necessary, e.g. in emergency situations or when cold chain is needed, or if air freight is less than 25 percent goods' cost;
- Sustainability requirements: as a general rule, the most carbon intensive mode of transport is air, followed by road, and then maritime and rail;
- Shipping by land or sea if dangerous goods are involved.

Finally, procurement officials should make a prioritized list of all technically feasible solutions. If a priority solution falls within the pre-defined budgetary framework, the plan should be executed. If the best solutions fall outside the framework or if no solution is feasible, procurement officials should present the existing options to the requesting business unit and request a decision.

12.3.2 Freight forwarders

UNOPS or the supplier contracts forwarding agents also referred to as freight forwarders, agents or freight brokers, to carry out the formalities and operations of forwarding consignments. The forwarding agent can also be employed by UNOPS to receive goods in cases where UNOPS personnel may not be physically present to engage in the prompt customs clearance and collection of goods vulnerable to loss or pilferage. The use of an appropriate freight forwarder reduces the risk of the procurement operation, due to the forwarder's experience and specialized knowledge. UNOPS must ensure that the respective forwarding agent has all necessary documents for the release of goods in transit (see [12.3.4 Shipping documents](#)).

UNOPS and other UN organizations have LTAs in place for freight forwarding services. Procurement officials shall use the UNOPS list of LTAs on the intranet or on UNGM.

12.3.3 Incoterms

International Commercial Terms (Incoterms) are internationally recognized standard terms defining the obligations of both the buyer and seller during the transportation of goods. Incoterms were established by the International Chamber of Commerce (ICC): the clear definition of trade terms reduces the risk of misunderstanding, their interpretation is widely accepted and the ICC offers an arbitration service.

The scope of Incoterms is limited to matters relating to the obligations of the parties to the contract of sale related to the delivery of goods sold. Incoterms do not specify the transfer of property. They specify where the seller delivers the goods, costs that are paid by the seller, and the point from which the seller passes the risk to the buyer. Procurement officials may request suppliers to quote supply under more than one Incoterm, e.g. when considering whether to contract freight through the supplier or independently.

Incoterms 2010 shall govern shipment terms of UNOPS contracts provided that this requirement is stipulated in the general terms and conditions of contract. Reference to an appropriate Incoterm shall be made in all contracts requiring shipment. The Incoterm must always refer to a named place (city, country, etc.) e.g. 'CPT Dushanbe, Tajikistan'. For further information, consult the ICC website at www.iccwbo.org.

Frequently used shipping documents:

- The Bill of Lading (B/L) (for sea shipment), or the waybill (for other modes of transport) is the contract of carriage between the shipper and the carrier, indicating how goods are being shipped and when they will arrive. The B/L is evidence that the carrier has received the goods for shipment, and is evidence that the goods were shipped as stated. It also possesses the unique characteristic of documenting ownership to the specified goods (a document of title). As standard practice, there are three original B/L; one is used by the consignee to clear the goods. It is important that UNOPS retains the remaining two original copies;
- Commercial and pro forma invoices describe the goods and indicate their value;
- Packing lists are descriptions of content, total number of packing units, markings, weight and volume of each;
- Certificates of origin indicate the country of origin or manufacture of the goods and are always issued by a local chamber of commerce. A certificate of origin is usually required for importation and is also used for statistical purposes;
- Gift certificate replaces the commercial invoice and the certificate of origin in the case of goods being shipped from a UNOPS warehouse or in-kind donations. A commercial invoice, pro forma invoice or gift certificate proves the value of the goods.

Additional documents required when using a freight forwarder:

- Forwarder's certificate of receipt is a proof that the supplier has handed over goods to the freight forwarder;
- A freight invoice from a carrier indicates shipping details and charges;
- A number of certificates attesting quality may be required. These certificates are usually provided by the supplier;
- The supplier or the freight forwarder (depending on who is organizing the transport) is responsible for consolidating all the required shipping documents and shall be instructed to courier one original set of documents to the consignee and the remaining two sets to the procuring unit within UNOPS. Procurement officials must check that all information is correct and identical in all documents. Further, UNOPS must ensure that the documents have been received by the consignee.

The following are frequently used terms in shipping documents:

- Consignee: The receiver of the goods, usually, but not necessarily, a United Nations office. The consignee may be, but is not necessarily, identical to the delivery address. The consignee shall always receive a copy of the shipping documents;
- The consignee may take care of customs clearance and other government formalities upon the request of procurement officials in question, however this may also be handled by a notify party. Consignee details, such as address, country, name, phone/fax, email, and contact person should be included in the PO and in the labelling of the packages;
- Notify party: May be engaged by procurement officials (or the consignee) in order to arrange customs clearance of goods and other government formalities. In such case, shipping documents are also to be forwarded to the notify party;
- Delivery address/final destination: The address of the end user where the goods are to be physically delivered.

12.3.3.1 Use of Incoterms at UNOPS

Below is a list of the Incoterms 2010 most commonly used by UNOPS, and in which situations they should be used:

- For already imported products or products produced in the country of destination, it is recommended to use the term DAP Delivered at Place (named place of destination);
- For international transportation where the supplier of the goods does not arrange transportation, it is recommended to use the term FCA (Free Carrier). As UNOPS has LTAs with freight forwarders, FCA prices should be requested in the solicitation documents. Thus, UNOPS can use its own LTA and contract freight forwarding services for its shipments if proven cost effective and practical. FCA should be preferred to EXW (Ex Works) as this resolves the problem of loading inside the seller's premises and export clearance for the buyer. FCA should also be preferred to FOB (Free on board) or FAS (Free Alongside Ship) as with FCA full shipment from port of loading will be under the responsibility of only one entity, i.e. the freight forwarder;
- For international procurement where the supplier arranges transportation, it is recommended to use the term CPT (Carriage Paid To). Hence, it is recommended to request CPT prices in solicitation documents. CPT should be preferred to CIP (Carriage and Insurance Paid) and to all Incoterms starting with D as UNOPS holds a global cargo insurance agreement providing a competitive overall coverage (see LTA page on the PG intranet);
- In addition, the term may be used for international procurement where UNOPS prefers the supplier to bear all risks and costs associated with the transport of goods to the country of destination. However, considering the good all-

risk insurance coverage offered under the insurance programme negotiated globally by various United Nations Agencies, including UNOPS, it is recommended to purchase CPT for all international procurement and have the goods insured under this insurance programme. The use of DAP for international procurement is justified in very few countries where the insurance programme does not provide full coverage (e.g. it excludes war risk). In case of doubt as to whether or not all-risks insurance coverage applies to a given country, it is recommended to contact the UNOPS insurance broker (check the LTAs page at the intranet of PG);

- The use of the DDP Incoterm is incompatible with UNOPS status as part of the United Nations (UNOPS is exempt from paying direct taxes and duties). It, therefore, must never be used in solicitation documents, PO and contracts (except under very specific conditions as explained in section [6.5.3.3 Financial criteria](#)).
- Incoterms does not apply for services. Therefore, when completing an oneUNOPS PO for a service, be sure to select 'Other' as Incoterms to facilitate proper and reliable reporting.

12.3.4 Shipping documents

Complete and correct shipping documents are critical for timely delivery. The supplier needs the shipping documents to move the order from its premises and to receive payment from the buyer. The freight forwarder requires the shipping documents to contract carriage, the consignee requires the shipping documents to claim the goods on arrival, and the consignee or notify party requires the shipping documents to handle customs clearance. Each stage of the transportation generates documents that may be required once the equipment is in the country, e.g. to register a vehicle or radio equipment.

The content of the shipping documents depends on the type of goods being shipped, the means of transportation, the party responsible for shipping the goods (freight forwarder, supplier, etc.), and any special requirements of the receiving country. Please refer to the UNOPS packing and shipping instructions for further guidance.

While the required shipping documents vary from case to case, every shipment should have documented evidence of contents of the shipment, weight and volume of contents, origin of goods (if required), price of the goods, and evidence of transport of the goods (see [12.2.1 Packing](#)).

12.4 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 of or an entire consignment. Cargo insurance provides protection against potential financial losses resulting from such risks. It is imperative to ensure protection for goods subject to risks, including war, strikes, riots and civil commotion. Further, the duration of insurance coverage must be sufficient for the period of transportation, from warehouse to warehouse, including storage at the destination site. Goods are insured for the cost, insurance and freight value plus an agreed percentage to reflect the indirect cost of replacing goods.

UNOPS has negotiated a global marine cargo insurance contract that all UNOPS Offices should use. The insurance is all-risk insurance with worldwide coverage. However, special conditions can apply for certain countries (e.g. if war risk exists). For further guidance on insurance during transportation as well as relevant contact details for focal points in UNOPS and for the insurance broker, please refer to the guidelines on UNOPS marine cargo insurance. For more information, please consult the insurance instructions at the LTA page on the PG intranet.

In the event of a claim, or event likely to give rise to a claim, notice must be given directly to the insurance broker. For the reporting of concealed damages, notice must be given within 60 days from the date of arrival at final destination.

12.5 Reception, inspection and return

When a consignment is delivered to the consignee, it is common practice for the carrier to request a receipt. Concurrently, the consignee should perform a cursory inspection of packages against all shipping documents. If the consignment is in apparent good order, an endorsement should be provided (e.g. "received in good external condition – contents unchecked"). If, however, signs of tampering are visible, the receipt should reflect the observed reservations (e.g. "cases broken"; "contents lacking"; "cartons opened with signs of pilferage", etc.). Where possible, packages should be weighed to determine any difference between declared and actual weight, documenting any discrepancies on the delivery notes.

An important part of the reception process is the creation of a receipt in oneUNOPS, which varies according to the Incoterms rule selected see [13.2.7 Supplier performance evaluation](#).

12.6 Restrictions on the export or import of goods

Procurement practitioners must be aware of applicable export or import restrictions. Exporting countries may restrict the shipment of certain classes of goods to certain countries or prohibit their export completely. For example, equipment that has a dual civilian/military use such as high-end computers or telecommunications technology is commonly subject to such restrictions. Procurement officials must be aware of these limitations so that the time required to obtain the necessary authorization can be calculated and included into the estimated lead time.

Similarly, importing countries may impose restrictions: telecommunications equipment and pharmaceuticals typically require prior authorization from the concerned ministry. For pharmaceuticals specifically, some countries require registration of the products or sample testing in their own laboratories. Other equipment, such as used vehicles older than a certain age, may be banned outright. Some countries ban goods of certain origin for political reasons; obtaining the permit to import such goods is generally a protracted exercise. The receiving office must confirm that the permit is in hand before the supplier is authorized to ship the goods. The likely consequence of shipping without the permit is that the receiver will be required to pay the cost of storage in the port and applicable liner charges until the authorization is issued. There is also the considerable risk that the cargo will deteriorate or go missing during this period. United Nations may also impose restrictions on exports to certain countries.

Chapter resources	
Guidelines	Incoterms UNOPS Cargo Insurance
Templates	Packing and shipping: FCA, FOB Packing and shipping: CPT air Packing and shipping: CPT, CFR surface Packing and shipping: DAP Packing and shipping: Surface Packing and shipping: K&N for supplier Shipping: K&N Receipt & inspection Report
Other useful resources	UN Exchange Rates



13

**CONTRACT
MANAGEMENT**

13 Contract management

13.1 Overview

Contract management and administration refers to all actions undertaken after the award of a contract and relates to activities such as: vendor performance monitoring, contract amendments, payments, contract closure, record retention, maintenance of the contract file, etc.

Contract management administration is the responsibility of the project manager/requisitioner as supported by the procurement official in charge of the procurement process.

This chapter describes the key activities required for effective contract management and administration.

13.2 Vendor performance monitoring

Contract monitoring includes observing the performance of the supplier to ensure that a quality product, in the right quantity, is delivered on time and within budget.

Various requirements are built into the standard contracts and, the extent to which suppliers fulfil these requirements is used to measure the achievement of performance indicators. The latter is instrumental in evaluating the ongoing performance of the contract (e.g. quality standards, delivery times, inspections, milestone dates, etc.). Control of performance ensures that the supplier's performance is in accordance with the contract and that variances, if any, are justified and that contracts are amended to reflect agreed changes to the scope of work.

Contract administration is a key stage from a sustainable procurement perspective: it is the point at which sustainability benefits are actually delivered and where KPIs and other soft progress indicators are assessed and monitored. Throughout the contract management phase, it is paramount that open communication is maintained throughout the contract with suppliers about the sustainability expectations of the procuring entity and supplier performance. Lessons learned and sustainability improvement that has taken place in this phase should be fed back into subsequent procurement processes.

13.2.1 Goods

For the procurement of goods, procurement officials must monitor shipment and receipt of goods through the following actions:

1. Follow up with the supplier a few days/weeks before the required ship by date to ensure that goods will be ready for shipment by the agreed date;
2. Inform suppliers, consignee, and requisitioner/end user of any change of plans (e.g. shipping route, ship by date, etc.);
3. Make sure that all relevant shipping documents are provided to the parties. Please refer to [12.3.4 Shipping documents](#);
4. If necessary, request an extension of the performance security if the procurement activity is delayed;
5. Obtain proof of receipt of consignment from the consignee. Upon receipt, the consignee should perform a cursory inspection of packages against all shipping documents, and report on the external condition of the goods. If signs of tampering are visible, the receipt must record these observations;
6. Where possible, packages should be weighed to determine difference between declared and actual weight, documenting any discrepancies in the report. Obtain proof of receipt of goods at final destination, if different from the destination of the consignee.

Typical performance indicators used for monitoring of contracts:

- Comparison of required delivery date and actual delivery date;
- Comparison of quantity ordered and quantity delivered;
- Comparison of compliance between ordered and delivered specifications.

13.2.2 Services

When contracting services, project managers/requisitioners must monitor the performance of the contractor by ensuring timely receipt and acceptance of the deliverables specified in the contract (e.g. inception reports, progress reports, reports from workshops or training sessions, video films etc.).

It should also be ensured that performance indicators, milestones and checkpoints on the supplier's sustainability performance are included in the tender documents, and are regularly monitored during the contract management phase.

The deliverables under the contract must be acknowledged and approved by the requisitioner/business unit, and occasionally also by the end user if applicable. Further, suppliers, requisitioners/business units, and end users must be kept informed of changes or modifications to the contract (e.g. change of mission dates, start-up date, stakeholders' contact details, etc.).

Typical performance indicators used for monitoring of service contracts:

- a) Timely delivery of outputs as per the contract;
- b) Timely response to UNOPS requests;
- c) Quality of services rendered.

13.2.3 Works

The period for active contract management usually starts at the moment the contract is signed and ends when the final completion certificate is issued. The responsibility for contract management in most cases rests with the project manager in charge of the works, referred to as the employer's representative and specifically named in the contract, supported by procurement officials as applicable (e.g. to process contract amendments, etc.).

Table 11 lists the most important activities to be considered during the administration of the works contract and the actions required by different personnel. These need to be done in accordance with the provisions in the works contract (see [11.6.7 Important provisions in works contracts](#) for further details).

Table 11 | Important activities during the administration of works contracts

Activity	Primary responsibility	Related procurement activities	Related PM activities
Contract signature	Procurement	Prepare the contract Organize signature of PA as Employer and contractor Provide documents Filing Create PO in Atlas	Review contract, ensuring technical content of bid is transferred to the schedules
Contract monitoring	Employer's Representative	Document reports Filing	Ensure site supervision Deadline management Quality of works
Change management (variations, claims, amendments)	Employer's Representative	Prepare Check Support documentation Submit to PA/LCPC/HQCPC for review and award	Issue request
Payments	Employer's Representative, Procurement, Finance	Create request for payment in oneUNOPS and submit to Finance	Certify invoice Issue support documentation Create receipt in oneUNOPS
Taking over certificate	Employer's Representative		Sign taking over certificate
Defects notification period (DNP)	Employer's Representative	Document reports Filing	Manage DNP and possible claims

Final completion certificate	Employer's Representative		Sign final completion certificate
Handover certificate	Employer's Representative		Prepare certificate to be signed by: UNOPS and client or end user
Contractor performance evaluation	Employer's Representative, Procurement	Create SPE (mandatory if over US\$250K)	Evaluate contractor performance Notify procurement personnel
Disposal or reuse of items/equipment	Employer's Representative, Procurement	Prepare document/file	Initiate disposal

Definitions:

Employer: Entity that signs the contract, i.e UNOPS procurement authority

Contractor: the company entering into contract

Employer's representative: person responsible for managing the contract on behalf of the employer, usually UNOPS project manager

13.2.4 Inspections

Monitoring of the contract and evaluation of the end product can be achieved through inspections. Inspections involve examining or testing of a product to confirm that it conforms to the required specifications. Inspections may be performed by in-house experts or by inspection agents contracted on a one-time basis, or through an established LTA. For guidance on inspection methods and examples of their use, please refer to the guideline on inspections.

For works, it is good practice to have a permanent presence on site, in order to ensure adequate control, testing and approval of construction at all stages of the works. Site supervision may be performed by in-house engineers or by contracting supervision services.

Quality management constitutes an important part of the active contract administration of a works contract and the resources required should not be underestimated. If in doubt, the IPMG can advise on appropriate resource requirements, personnel profiles and testing regimes for different types of construction works.

UNOPS contracts for works contain specific clauses regarding the approval of plant, materials and workmanship including samples, inspection, testing, rejection, and removal of defective work. These processes must be followed carefully and the relevant time limitations observed.

13.2.5 Acceptance of the final product

Acceptance of the final product is the responsibility of the requisitioner/ business unit, supported by the end user as relevant. However, the procuring entity must record and file this information in the case file, and use it for payment purposes and to take corrective action, if necessary.

Acceptance is carried out as follows, per type of requirement:

- *Goods.* Upon receipt of the procured goods by the end user, the project manager/requisitioner with the input of the end user, where relevant, will provide the procuring unit with a receipt and inspection report (RIR). This confirms receipt of all goods as per the packing list, as well as documenting in detail the condition of the goods received, and their compliance with the stated specifications. The standard UNOPS RIR format must be used for this purpose;
- *Services.* Procurement officials must receive written confirmation from the project manager/requisitioner that the services have been satisfactorily completed in accordance with the terms specified in the contract. The requisitioner (with the input of the end user, where relevant) must confirm in writing receipt and acceptance of all deliverables specified in the contract;
- *Works.* When procuring works, the employer's representative must ensure that the works are proceeding in accordance with the agreed timeline in the contract. This can be done through regular site visits or through progress or status reports from the employer's representative responsible for administering the works contract.

UNOPS contracts for works have specific processes for acceptance of the works, including for the issuance of the Taking Over Certificate and of the Final completion certificate. See [11.6.7 Important provisions in works contracts](#) for further details.

13.2.6 Creation of receipt in oneUNOPS (revenue recognition)

Receipts in oneUNOPS must be created once delivery has occurred and this process is important from a financial perspective as it marks the point in time when revenue recognition is recorded in the ERP system, as per IPSAS accounting standards.

Delivery has different meanings depending on the type of purchase, i.e. goods, services or works. Furthermore, with goods, delivery is recognized at different points of time and place depending on the Incoterm used in the contract. Table 12 shows when delivery is considered complete and it lists the documents required for oneUNOPS receipt creation.

Table 12 | oneUNOPS receipt of goods, services and works

Requirements	Incoterms type	Documents required for oneUNOPS receipt creation	Receipt date
Goods (including freight)	F	Forwarder confirmation of receipt and quantity information for partial shipments	Date of forwarder confirmation of receipt
	C	Bill of landing and quantity information for partial shipments	Date of bill of landing
	E+D	Consignee confirmation of receipt	Date of consignee confirmation of receipt
Services (excluding freight)	n.a.	Confirmation from client or UNOPS project manager that services have been rendered and outputs delivered	Date of client or UNOPS project management confirmation
Works	n.a.	Contractor invoice/interim payment certificate certified by the employer's representative for the portion of the works (BOQ) executed.	Date employer's representative certifies the supplier interim payment certificate

13.2.7 Supplier performance evaluation

The project manager/requisitioner should conduct evaluation of the supplier's performance, supported by the procurement official (and with input of the end user where relevant). The evaluation must take into account the experience with the supplier during the entire contract period. It is important to carefully document contract performance in order to provide evidence of the performance of the supplier; in the event of disputes; in order to form an institutional memory, and for audit purposes.

Supplier performance evaluation (SPE) is mandatory for all procurement activities valued at US\$250,000 or above but is recommended for lower values too, if relevant. It must be performed using the functionality in oneUNOPS (or other mechanism decided by PG until such functionality is available). When the final payment under a contract has been made and there are no more pending claims, the supplier performance evaluation form must be completed. This is a mandatory step of the procurement process and must be completed in a timely manner.

In order to ensure contract compliance, the project manager/requisitioner in charge of the procurement activity is expected to monitor performance on an ongoing basis through reports, meetings, and, if applicable, inspections. The following topics can be addressed in evaluating the performance:

- Fulfilment of delivery schedule/timely delivery;
- Quality of goods or services provided in accordance with the contract;
- Compliance with contractual terms and conditions;
- Adherence to warranty provisions;
- Fulfilment of social and environmental requirements;
- Sustainability performance exceeding minimum requirements;
- Timely response to UNOPS requests;

- Undue delay of the performance under the contract;
- Any frivolous claims against UNOPS;
- Failure to disclose information relevant to performance (e.g. bankruptcy, ongoing litigation, etc.).

Depending on the nature of the procurement, the joint process to evaluate supplier performance could consider the following approaches:

- Using questionnaires, which require a sound knowledge of what will be measured to ensure relevance of result;
- Undertaking site visits;
- Using metrics and key performance indicators for contracts;
- Developing and using supplier scorecards to measure cost of poor quality, customer social responsibility, etc.;
- Measuring performance against service level agreements.

If a contractor has shown significant or persistent deficiencies in the performance of a UNOPS contract which led to early termination of the contract, application of damages or similar actions, and the UNOPS business unit in charge of that contract believes that such contractor should be suspended from doing business with UNOPS, then the SPE must be submitted to PG, along with supporting documentation and justification explaining such performance failures. PG will assess the case, and the Director of PG may decide upon review of the documentation that such vendor is suspended from doing business for UNOPS further to the provisions of section 3.3.e, vendor ineligibility. All vendors that are in that situation (suspended from doing business for UNOPS) will be made visible in oneUNOPS or the UNOPS intranet.

13.3 Remedies and termination

A breach of contract may entitle the non-breaching party to certain remedies, including compensatory damages to indemnify the non-breaching party for any loss suffered due to the breach. An arbitral tribunal will determine such damages. In addition, the non-breaching party may also have access to contractual remedies. Furthermore, a breach may also lead to a contract termination.

13.3.1 Liquidated damages for goods and services

If liquidated damages were provided for in the solicitation document (see [6.5.2 Particulars and instructions to bidders](#)) and included in the contract, they should be applied as follows:

- If the delay is the result of a force majeure (i.e. events beyond the control of the contractor and not involving the contractor's fault or negligence and not foreseeable) and the contractor has been able to provide convincing evidence of the occurrence of such events, or if the delay is due to UNOPS negligence (e.g. error in design documentation) or to the client stopping/delaying execution of the contract, liquidated damages must not be applied;
- If the delay is owing to any other reasons related to the contractor, liquidated damages must be applied as per the terms of the contract.

The decision to apply or not apply liquidated damages should be taken as follows:

- If there is no existing representation from the contractor requesting waiver of liquidated damages, the liquidated damages shall be immediately deducted as per the terms of the contract. In such cases the finance officer shall deduct the liquidated damages. Since the provision is already stipulated in the contract and the finance officer already indicates this deduction in the statement of payment issued to the contractor, there is no requirement to notify the contractor;
- If the contractor has already submitted a representation seeking waiver of liquidated damages, the decision to apply/not apply liquidated damages or to what extent should be applied, must not be taken by one individual. In such cases, the procurement official must prepare a note to the file after obtaining inputs from concerned officers and thereafter recommending the extent to which liquidated damages should be applied or omitted. The recommendation shall be submitted to the relevant PA, who will then take the final decision. UNOPS must then notify the contractor of the final decision on its representation. Relevant records must be kept in the procurement file.

13.3.2 Delay damages for works

If the contractor fails to complete the work by the time for completion (as extended, if it was), as specified in the contract, the contractor must pay delay damages in the amount stated in the contract for each day for which the contractors fails to complete the works up to and including the Date of Substantial Completion as stated in the Taking-Over Certificate.

The delay damages shall be calculated based on an estimated of UNOPS extra operating costs resulting from the delay. They shall be as stated as a daily rate (by default a sum equivalent to 0.1% of the contract value) in the schedule of details at time of tender and shall be capped to a maximum of 10% of the contract value to be enforceable. For further details refer to section [6.5.2 Particulars and instructions to bidders](#).

The contractor shall also reimburse UNOPS for any additional fees payable by UNOPS to any consultants engaged by UNOPS arising out of or in connection with the contract which are payable as a result of the contractor's failure to complete the whole of the works within the time for completion.

13.3.3 Termination

Contract termination occurs either by mutual convenience or when one party ends the contract for breach by the other. The remedies for that breach normally include damages that indemnify the non-breaching party for any loss suffered due to breach and such damages are generally compensatory. In all cases of termination, prior consultation and advice must be sought from a Legal Advisor.

UNOPS contracts for works include specific sub-clauses detailing the conditions under which UNOPS (the Employer) may terminate the works, the procedures that should be followed and the subsequent valuation of works completed to the point of termination. It should be noted that the contractor also has the right to terminate the contract or suspend the works under certain specific conditions, related mainly to payment delays by UNOPS. Again, specific sub-clauses detail the circumstances under which the contractor may terminate the contract, the procedures that should be followed and the subsequent valuation of works completed. It is therefore important that UNOPS complies with all its contractual obligations.

In case of termination due to breach to warranties on mines, sexual exploitation and/or fundamental principles and rights at work, UNOPS is entitled to terminate the contract immediately upon notice to the vendor, without any liability of any kind. However, if procurement officials are made aware of such circumstances in relation to UNOPS suppliers, advice on how to handle the case must be immediately sought from the sustainability specialists in PG (sustainable.procurement@unops.org) and a Legal Advisor.

13.4 Dispute resolution

Contracts should be clear and the responsibilities and obligations of both the supplier and UNOPS must be clearly defined in order to minimize the possibility of disputes and disagreements. As a good practice, in case of complex contracts for goods and services it is recommended to create a simple and clear Responsibility Matrix that would constitute an Annex to the contract. However, no matter how well a contract is drafted and its performance managed, disputes can and do arise (see [11 Contractual instruments](#) for further guidance on the contents of a UNOPS contract).

The procedures for dealing with claims, disputes and arbitration are specified in detail within the UNOPS contracts for works, and these procedures and timeframes should be followed carefully. It is particularly important to keep good records of all circumstances that may give rise to claims and/or disputes.

Amicable settlement is the first step in a dispute resolution process. All negotiations undertaken to reach amicable settlement are based on openness to compromise since this is often less costly than alternative methods of dispute resolution. UNOPS must strive to always solve disputes through negotiation. Where negotiation is not possible or fails, more formal means of dispute resolution are available. Mediation is a private method of dispute resolution by submission to an agreed impartial third party that has a non-binding authority.

Arbitration is also a mutually agreed method of dispute resolution, but the arbitrator(s) are given authority to render a binding judgement. Contracting parties normally agree to arbitration by including an arbitration clause in their contract. Such a clause can be found in all standard UNOPS contracts in the GCC. UNOPS contracts state that in the event of arbitration, the arbitration will be conducted according to the UNCITRAL Arbitration Rules. These rules cover procedural issues only, i.e. related to how the arbitration will proceed, including selection of the arbitrator(s).

UNOPS contracts for works contain specific sub-clauses on claims, disputes and arbitration. In the specific case of contracts for works, a distinction should be made between the usual project-related claims to the employer's representative, and claims against UNOPS.

Project related claims to the employer's representative are requests from a contractor to the employer's representative, such as request for progress payments, extensions of time, variations, additional costs, etc. Such requests are part of the daily management of the works and UNOPS personnel are not required to report them to a UNOPS legal advisor. However, if the employer's representative rejects such a request, and there is any indication that the contractor might

challenge the employer's representative's decision to the level of a dispute in accordance with the contract, then this shall be reported to a UNOPS legal advisor as soon as practicable.

In addition, if there is any indication that a claim or request is made, even partly, in relation to an act, error or omission of UNOPS or in relation to damage to persons or property, it shall be reported to a UNOPS Legal Advisor as soon as practicable. For more information, refer to AI/LG/2013/01 Claims Reporting Obligation of UNOPS personnel.

13.5 Payments

Financial management and payment refers to the timely processing of payment of invoices consistent with the terms of the contract, as well as the review of financial implications arising from contract changes, and the liquidation of financial securities (i.e. release of performance and advance payment securities) provided the reason for requesting them no longer exists.

UNOPS contract managers shall ensure that the terms and conditions of payment are consistent with those specified in the contract document. The following examples contain standard payment terms for goods, works and services:

- a) For the procurement of goods, the payment term is net 30 days upon receipt of shipping documents and invoices. Alternatively, payment of 80 percent upon shipment of goods and 20 percent upon delivery and acceptance of goods at the end destination may be considered.
In exceptional cases where the delivery term DAP is used (or when using another Incoterm where the supplier, at their own risk and cost, is making the goods available upon arrival at the agreed destination (D-group), payment is made within 30 days upon receipt of goods. As part of the payment documents, the vendor must provide a delivery note confirming that the consignee has received the goods;
- b) For the procurement of services, the payment term is Net 30 days upon receipt of invoice and delivery/acceptance of the deliverables linked to payment as per the contract;
- c) For the procurement of works, the payment terms depend on the contract form selected. All payments are considered as 'interim payments', until such time as the final payment is made:
 - *Minor Works Contract:* the contractor submits an invoice to the employer's representative in accordance with the timing stated in the schedule of contract price and payment and UNOPS makes payment to the contractor within 30 days;
 - *Short Form Contract:* the contractor submits a statement to the employer's representative in accordance with the timing stated in the schedule of payments and UNOPS makes payment to the contractor within 28 days. Within 28 days of issue of the taking over certificate, the contractor submits a final statement to the employer's representative for all amounts due up to the date of substantial completion, and UNOPS again makes payment to the contractor within 28 days. Within seven days of issue of the final completion certificate, the contractor submits its final account and UNOPS makes the final payment within 28 days;
 - *Measured Price and Lump Sum Contracts:* the contractor submits a statement to the employer's representative in accordance with the timing stated in the schedule of payments. Within 28 days the employer's representative issues an interim payment certificate. UNOPS then makes payment to the contractor within 30 days of the date of issue of the interim payment certificate. Within 60 days of issue of the taking over certificate, the contractor submits a final statement to the employer's representative for all amounts due up to the date of substantial completion, and the employer's representative again issues an interim payment certificate within 28 days for payment by UNOPS within 30 days of the date of issue of the interim payment certificate. For final payment, the contractor has a total of 56 days to submit its final statement with all supporting documentation, the employer's representative has up to 28 days to issue the final payment certificate and UNOPS has 30 days from the date of the final payment certificate in which to make payment.

It is important to be aware of the specific payment terms applicable to each contract. The contracts also include details of all documentation that must be submitted before any payments are made.

For the design and build contract please refer to the contract's payment terms.

The payment request is transmitted to finance through a Request for Payment in oneUNOPS, and finance personnel shall effect the payment in order to uphold the segregation of duties between procuring personnel conducting the procurement process, and finance personnel effecting the payment. This separation of the buying function and the

payment function is a key factor in the principle of segregation of duties (see [2.8 Segregation of duties](#)), and must be adhered to for all payments.

13.5.1 Third-party payments

UNOPS does not make any third-party payments, i.e. payment to parties other than the entity contracted (though UNOPS may make under specific circumstances to be consulted with a Legal Advisor, direct payment to subcontractors under its works contracts). However, if the relevant PA responsible for approving the contract believes circumstances warrant that UNOPS pays a third party, then the PA must consult with the Director, FG, and obtain approval prior to the contract or purchase order being signed. Once the third party payment has been approved, the name, address, and banking details of the third party must be included in the contract document unless vendor banking details have already been entered in oneUNOPS. In the event that UNOPS becomes aware of a third party payment after the contract has started, (e.g. appointment of a receiver), the matter shall be referred to the Director, PG who may consult the Director, FG, and the General Counsel, if necessary, for appropriate resolution.

13.5.1.1 Taxes

UNOPS is exempt from direct taxes such as income tax, and is also entitled to exemption/reimbursement of indirect taxes, such as sales tax and VAT, on important purchases. While in some countries governments have provided an outright exemption from indirect taxes, in other countries UNOPS may be required to pay taxes upfront and subsequently file for reimbursement. When the goods, services or works purchased are for UNOPS own needs (i.e. administrative expenditures such as furniture for an office), payment and reimbursement must follow the conditions stipulated in the host country agreement (usually advance payment of VAT by UNOPS and reimbursement via a claim issued to the government or via provision of an official certificate of exemption to suppliers). When taxes have to be paid in advance by UNOPS, the purchase order issued to the supplier will contain a line including the indirect tax amount.

A business unit may choose not to claim reimbursement of VAT or equivalent tax when the administrative costs related to tax exemption processing outweigh the benefits to UNOPS. For instance, if the total value of VAT claims in a given quarter is US\$1,000 and the administrative effort required is estimated to cost UNOPS US\$1,000, the business unit may decide not to submit the claim.

The policy of the United Nations, including UNOPS, is that all purchases are 'important', as they are recurring and necessary for UNOPS to carry out its official activities. UNOPS offices should liaise with the relevant ministry of foreign affairs to ensure reimbursement. Any difficulties with respect to exemption from taxation or reimbursement of taxes should be addressed to PG. Please refer to the UNOPS General Conditions for further guidance on taxation issues.

13.5.2 Advance payments

Please refer to section [11.1.4](#) for details.

13.6 Amendments, extensions and renewal

Contract modification is the handling of changes that arise during contract execution, typically involving variations in costs or requirements that were not originally anticipated, but are not in dispute. Change management includes both avoiding unwanted changes as well as incorporating necessary changes into the contract. It is the responsibility of procurement officials to:

- a) Negotiate the appropriate contract changes regarding cost, schedule, quality and performance ensuring that the contract is amended so that at all times, it defines the agreed expectations of both parties under the contract. The amendments must be documented in the contract file;
- b) Ensure that the change conditions are reasonable and justifiable in terms of cost, time and quality;
- c) If the contract amendment is an extension for contract duration, any such amendment must be requested, reviewed, approved and signed prior to the expiry date of the original contract. Retroactive contract extensions after contract expiry are not possible. In the case of works contracts, there is no contract expiry date and therefore it is not necessary or appropriate to extend the contract duration.

For construction works, change management is handled within the contractual terms and mechanisms of the contract such as variations, instructions, claims and determinations.

13.6.1 Contract amendments

For goods and services, a contract amendment originates either from a request for small changes in or additions to the contract from the client or end user, or from a discovered need for adjustments to the contract in order for it to clearly reflect the expectations of the contract parties.

Extensions of the duration of existing contracts are also considered contract amendments.

Once a contract has been awarded and signed, it is only permitted to amend the contract if the contract provisions call for modification, or if additional related goods, services, and/or works are to be rendered by the same supplier in furtherance of the execution of an original contract, subject to written approval by the relevant PA and subject to review by the relevant CPC, as required.

For any amendment, the requisitioner shall provide written justification that a new solicitation would not be in the best interest of the organization. Contract amendments must not be used for substantial amendments to the scope of the goods, services or works to be delivered.

The following key points should be taken into account when amending a contract:

1. Amendments with financial implications must be approved by the requisitioner and the relevant PA and may require review by the relevant CPC. All changes to a contract that have a financial impact have to be in writing in a formal contract modification or by a PO change order;
2. Review and award requirements. Requests for amendments shall be submitted for review and/or award to the relevant CPC and/or PA according to the established financial thresholds (as stated in 2.5.2 Levels of delegated authority, and [9.4 Scope of review of CPC](#)). For submissions that require CPC review, the online HQPC system shall be used (amendment process). The request for contract amendment template shall be used when submitting requests directly to the PA.;
3. Amendments must be made well in advance of the proposed effective date of the amendment, and always prior to the expiry date of the contract (except for works contracts as these don't have a fixed end date). If the contract is already expired, legal advice must be requested from a Legal Advisor;
4. When amending a contract to increase the price, procurement officials must perform an analysis of the reasonableness of price. This is to be done regardless of whether unit prices are the same or vary in respect to the original contract, as maintaining the original unit rates in the case of a contract amendment is not necessarily a guarantee that those rates are reasonable, as markets can evolve, market rates can decrease as well as increase, there may be volume discounts if the additional quantity is higher than the original one, and the original contract may have been signed a long time ago. Deviations from the original unit prices must be clearly explained and justified. In the case that negotiations are necessary, a minimum of two UNOPS personnel must attend the negotiations and a written report, signed by the parties' representatives, must be included as a note to the file';
5. Amendments must be in writing. The standard contract amendment template shall be used for the amendment of services or works contracts. When purchasing goods under a PO, an amended PO must be issued to the supplier';
6. If an amendment to a goods or services contract is done within an approved contingency amount per the provisions in section 10.1, i.e. it can issue amendments without further CPC review provided it is within the approved contingency margin and only where there is a change in quantities of items that have been approved with the original award and there is no change in unit price. These amendments within contingency amount can be approved internally by a person with appropriate DOA (see Table 1 in section [2.5.2 Delegation of authority](#));
7. Any changes to a works contract that do not fall under the definition of variation as outlined in 13.6.2 shall be treated as an amendment to contract.

13.6.2 Change management for works

In the professional management and implementation of physical infrastructure there will always be the need for active change management involving the handling of changes that arise during contract execution. The tendering process and subsequent contract will include only the planned works and scope. However, all works include unknown and unforeseen elements, and changes should therefore be expected as a regular feature of contract management for works.

Most changes for works will not require an amendment but will be made based on terms already agreed in the contract by an instruction of the Employer to the contractor.

For example, works contracts do not have a fixed end date. The contract ends when the works have reached final completion. They contain a date for completion, which is the target date for the completion of the works. If the contractor does not complete the works by this date, there is no need to amend the contract. Either the contractor claims and is entitled to an extension of time-in this case the employer's representative will agree to extend the (target) date for

completion. Or the contractor is not entitled to or does not claim an extension of time, and in this case the Employer is entitled to apply delay damages against the contractor.

Changes to the scope of works will be done through a variation, i.e. an instruction from the employer's representative to do more or less work. This does not require a contract amendment as such, however, internally at UNOPS the variations are treated differently as per the below two scenarios:

- If a variation is based on rates already included in the contract and the estimated value of the variation is within the contingency sum awarded for this contract, then, no further CPC review is required and the variation can be approved internally by a person with appropriate DOA (see Table 1 in section [2.5.2 Delegation of authority](#)).
- If a variation is not based on rates already included in the contract or the estimated value of the variation is outside the contingency sum awarded for this contract, then the variation will be considered an 'amendment' in UNOPS terminology for the purpose of determining its review and award threshold. This 'amendment' can be approved by a person with appropriate DOA (see Table 1 in section [2.5.2 Delegation of authority](#)). Further to a CPC review if relevant (as per Table 7 in section [9.4.1 Monetary thresholds for CPC review](#)). Once approved, contractually the variation will remain in the form of an instruction to the contractor to vary the works, not an amendment.

13.7 Contract completion

Contract completion includes the confirmation that all obligations have been met, identification of any residual obligations and completion steps, settlement of final payments, assessment of contractor, and the administrative closing of files.

Procurement officials must verify that the following activities have been carried out:

- All products and/or services required have been provided to the buyer;
- Documentation in the contract file adequately shows receipt and formal acceptance of all contract items;
- No claims or investigations are pending on the contract;
- Any UNOPS furnished property has been returned to UNOPS and discrepancies in number and condition resolved;
- All actions related to contract price revisions and changes have been concluded;
- All outstanding subcontracting issues have been settled;
- If a partial or complete termination was involved, action is complete;
- Original copies of all warranty documentation, including expiration dates, responsibilities and procedures to follow are finalized;
- Any required contract audit has been completed;
- The final invoice has been submitted and paid.

UNOPS contracts for works contain specific procedures for the contract completion and close out, including:

- Notification by the contractor that the works or a part of the works has reached the stage of substantial completion;
- Issue of a taking over certificate stating the date on which the works or the relevant part of the works reached substantial completion, or notification that there are defects or deficiencies in the works or the relevant part of the works that prevent substantial completion being reached;
- Taking over of the works by UNOPS;
- A defects notification period;
- Notification and rectification of defects;
- Issue of a final completion certificate.

The contractor's obligations shall not be considered to have been completed until the employer's representative has issued the final completion certificate to the contractor that also confirms all identified defects during the defects notification period have been fully addressed.

13.8 Property disposal

For details on property disposal, please refer to AI/E0/2011/02 (rev. 1) - Management of Property Plant and Equipment (PPE).

13.9 Maintenance of files

Procurement officials must establish a procurement file for each procurement process. In addition to information documenting the procurement process, the file must include all information required to successfully administer the contract. Any issues of clarification or change of the contract must be fully documented in this file. In order to provide their input throughout the contract administration phase, the requisitioner/business unit will normally have a separate file with a copy of the contract as part of the project management file.

In line with the procurement principles of transparency and accountability, and in order to facilitate internal and external audits of UNOPS operations, every step in the procurement process shall be documented and kept on file (hard copy or electronic). For procurement processes handled with the eSourcing system, documentation included therein, i.e. tender documents, bid opening report, bids received, evaluation team approval, evaluation documentation, evaluation clarifications, award approval, etc. don't need to be kept in another electronic filing system.

A standard filing system, as well as a numbering system to enable tracking of files, must be established in every business unit in order to create an audit trail and to facilitate management of procurement activities. The establishment of proper routines for documentation of the procurement process is the responsibility of the directors/managers/heads of business units where procurement is undertaken.

Filing of procurement files must be based on the various procurement steps involved in the procurement process. These steps might differ depending on the procurement procedures being followed (e.g. UNOPS versus World Bank). For works contracts, on site documentation in addition to the procurement filing requirement is essential and a detailed filing system should be implemented for filing of all correspondence, drawings, quality control, measurements, payments, changes, instructions, minutes of meetings, photographs, reports, contractor submissions, programmes etc. Files should be systematically backed-up to ensure that information is not lost.

Procurement officials must open a procurement file for each case; procurement files must be kept for seven years after the completion of the last transaction of a procurement activity (see OD 12 (rev. 1) UNOPS Records Retention Policy). For long-term agreements (LTA) it is important to maintain a separate file for the contract and all its related documents (amendments, extensions, revisions, official letters to/from the supplier, KPI reports, expenditure reports etc.) throughout the LTA period.

Typically, procurement files will include the following relevant information/documentation, in original form and appropriately signed, when applicable:

- Requisition;
- Requirement definition (notes, correspondence, communication with requisitioner, justification if brand name is used, etc.);
- Sourcing information including justification of procurement method and type of competition;
- Signed short list;
- Signed solicitation document, including attachments such as specifications/terms of reference (TOR)/statement of work (SOW)/design documents/returnable schedules for works and proof of issuance (copies of cover letters, copies of emails, fax receipts, etc.);
- Amendments to solicitation documents (including PA approval of amendments), and any other clarifications and correspondence with suppliers;
- Designation of bid opening panel and technical evaluation team by the PA;
- Copy of bid receipt report;
- Bid opening report;
- All offers received (technical, financial, compliant and non-compliant);
- Copies of any bid security received from the vendor (originals to be kept in a safe);
- Evaluation report;
- Minutes of clarifications (if any) and relevant communication with vendor;
- Request for award, or submission to contracts and property committee;
- Minutes of the Headquarters Contracts and Property Committee (HQPC) or Local and Property Committees (LCPCs) plus decision of the Executive Chief Procurement Officer (ECPO) or the regional director (RD);
- Original contract/purchase order (PO);
- Copies of any advance payment guarantee or performance security received from the vendor (the originals to be kept in the safe);
- Bid protests;

- Correspondence with contractor (e.g. emails, meeting minutes, phone calls) regarding the procurement process and management of the contract;
- Notes from meetings, phone calls etc.;
- Amendments to contracts/POs;
- Documented decision regarding claims, variations and amendments for works;
- Copies of insurance certificates and guarantees required for works as provided for in the contract;
- Any required progress reports and/or other proof of delivery of milestones as provided for in the contract;
- Proof of receipt of goods;
- Receipt and inspection report;
- Acceptance report from requisitioner/end user;
- Taking over certificate for works;
- Final completion certificate for works;
- Insurance claims;
- Proof of payment;
- Supplier performance evaluation form.

Chapter resources	
UNOPS policies	AI/LG/2013/01 Claims reporting obligation of UNOPS personnel AI/EO/2011/02 (rev.1) Management of Property, Plant and Equipment (PPE) OD12 (rev. 2) UNOPS Record Retention Policy OD13 Electronic Communications Policy
Guidelines	Filing in procurement Inspection Supplier Performance Evaluation
Templates	Contract amendment Receipt and inspection report Supplier Performance Evaluation
Other useful resources	<i>Intranet site:</i> Contract Management intranet



14

COOPERATION

14 Cooperation

UNOPS FRR 118.02, Procurement modalities, provides the following two possibilities of cooperation, which are covered in sections 14.1 and 14.2:

- *188.02 (c) - Cooperation with United Nations system organizations.* "The Executive Chief Procurement Officer, or authorized personnel, may cooperate with other organizations of the United Nations system to meet the procurement requirements of UNOPS. The Executive Chief Procurement Officer, or authorized personnel, may, as appropriate, enter into agreements for such purposes. Such cooperation may include jointly carrying out common procurement activities, or UNOPS entering into a contract relying on a procurement decision of another United Nations system organization or requesting another United Nations system organization to carry out procurement activities on behalf of UNOPS"
- *188.02 (d) - Cooperation with governments and organizations other than those of the United Nations system.* "The Executive Chief Procurement Officer, or authorized personnel, may cooperate with clients other than those from an organization of the United Nations system, in respect of procurement activities, and enter into agreements for such purpose."

14.1 Cooperation with UN entities

Delivering as One and other UN reform initiatives have led to harmonization efforts in procurement. The High Level Committee on Management's Procurement Network (HLCM-PN), has endorsed specific guidance to facilitate collaborative procurement including setting up and sharing LTAs across UN agencies. The objectives of such harmonized approach include, but not limited to, leveraging markets through aggregating volumes to realize volume discounts to reduce cost of goods/services and to reduce administration and transaction costs.

To further collaboration between UN entities and in support of UN initiatives, the Director, PG or the PA may determine that cooperation with other organizations, agencies or programmes of the UN system is appropriate to meet the procurement requirements of UNOPS, provided any associated fees are considered reasonable for the service provided. Cooperation may be considered appropriate to, inter alia, obtain volume pricing or achieve process or operational efficiencies.

Such cooperation may include any of the following, as described below: carrying out joint procurement activities, relying on the procurement decision of another UN entity, requesting another UN entity to carry out procurement activities on behalf of UNOPS or procuring goods, works or services from another UN entity.

14.1.1 Joint solicitation

UNOPS may elect to undertake joint procurement activities with one or more UN entities, based on the estimated total value of a single or related series of planned procurement actions. Generally, the cooperating organizations will choose one organization to lead the procurement process under the procurement rules and regulations of that UN entity.

Cooperating UN entities will jointly agree on the solicitation documents and evaluation criteria, and will jointly evaluate the offers submitted. The solicitation documents should clearly specify the expected contractual form for effecting the procurement. Joint solicitations are subject to the review requirements of the lead UN entity only, except in those cases where the applicable evaluation criteria or the resulting award differs from that of the lead UN entity. In the case where UNOPS is the lead UN entity it may provide for representation by the other participating UN entities on the relevant procurement committee responsible for reviewing the procurement activity.

14.1.2 Re-use of UN entity tender results

For a single or related series of planned procurement actions, UNOPS may rely on the selection process of another UN entity, when in UNOPS estimation, the potential benefits of undertaking a new selection process would not justify the associated administrative costs (for more details, see [6.8.1 Exceptions](#), paragraph iv). UNOPS may reuse the tender results to procure goods, works or services without undertaking a separate selection process, provided that:

- a) The award is made within a twelve month period after the contract signature date;
- b) The requirements for the goods, works or services are substantially the same and the quantities originally tendered were similar or greater;

- c) The vendor agrees to offer the goods, works or services at a comparable price and the commercial terms are considered reasonable for the market, and the vendor accepts UNOPS terms and conditions.

14.1.3 UN entity long-term agreements

UNOPS may use an LTA created by another UN entity, even if not concluded through a Joint solicitation exercise, provided that the LTA satisfies UNOPS requirements, specifically in terms of value for money and fit-for-purpose. Such an assessment should be determined and guided by the following:

- The value of UNOPSs call-off is less than or equal to the intended single call-off volume (if indicated in the LTA) or is not more than the total value of the LTA (if the LTA is created with a ceiling amount and the UN Agency that established it has requested to monitor these amounts). An LTA should not be used to order disproportionately higher volumes than that intended, especially for good/services that attract volume discounts that may not be included under the terms of the LTA;
- The LTA vendor offers goods or services to UNOPS at the same (or lower) price in the LTA and with the same terms and conditions;
- UNOPS requirements are equivalent to those included in the LTA;
- The LTA set-up in terms of type and configuration, especially in respect of geographical coverage and conditions of usage for multiple vendor LTAs serve UNOPS purposes;

If UNOPS is satisfied that the LTA has been approved according to the procedures established in the respective UN entity, a separate HQPC review of the LTA shall not be required, provided the following is met:

- a) The LTA is still valid and has not been cancelled or terminated;
- b) The UN entity that created and owns the LTA permits its use by UNOPS and has confirmed this in writing. In obtaining the written approval, it is recommended to obtain from the other UN entity information about the LTA by using the HLCM-endorsed LTA information sheet which includes details about the LTA type, duration, ceiling amount (if applicable), reporting requirements for its usage by other UN entities, guidance note for usage of the LTA, etc. In addition, UNOPS must obtain a signed copy of the UN entity's LTA.
- c) The vendor on the UN entity LTA is eligible with respect to UNOPS requirements on vendor eligibility (see [3.3 Vendor ineligibility](#));
- d) The vendor accepts UNOPS General Conditions of Contract.

LTAs of other UN entities are available at www.ungm.org and at the UNOPS intranet.

Please refer to section [11.4.6](#) for further instructions on placing call-off orders against a LTA.

The use of UNOPS LTAs by other UN entities requires prior approval by the Director, PG.

14.1.4 Obtaining goods, services or works from a UN entity

When UNOPS determines that a UN entity has a particular expertise or capacity or has obtained favourable conditions in the procurement of certain goods, services or works, UNOPS may obtain goods, works or services from another UN entity, including through the establishment of an arrangement with the UN entity. Such action is not considered procurement and therefore outside the scope of the FRRs and OD 16.

14.1.5 Outsourcing to a UN entity

Under certain circumstances, it may be appropriate or necessary to request another UN entity to carry out certain procurement activities on behalf of UNOPS (in accordance with FRR 118.02 c). Authorization for the outsourcing of procurement activities may be considered in situations such as those described below and must be granted by the Director, PG.

a) *Expertise:*

When UNOPS recognizes particular expertise of another UN entity in the procurement of specific goods, works or services, the Director, PG may authorize, within the level of DOA set forth in [2.5.2](#) Table 1, the outsourcing of the specific goods, works or services and designate the UN entity as the procurement agent for UNOPS.

b) *Procurement capacity:*

When another UN entity has the necessary procurement capacity that UNOPS does not have in a given location, the Director, PG may authorize within the level of DOA set forth in [2.5.2](#) Table 1, the outsourcing of certain or all procurement activities for any period and designate the UN entity as the procurement agent for UNOPS for those activities.

c) *Administrative capacity:*

When UNOPS has neither procurement nor administrative capacity in a country, procurement actions may be undertaken on behalf of UNOPS by the resident representative of another UN entity with the necessary procurement and administrative capacity (e.g. resident representative of the local United Nations Development Programme), in accordance with the rules and regulations of the UN entity, up to the delegated financial authority limits applicable to UNOPS representatives on the basis of an agency services request;

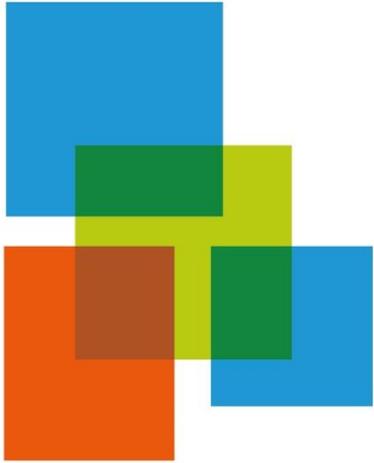
d) *Shared services*

When in a given location, a joint UN activity (e.g. Delivery as One UN initiatives) has the procurement capacity to achieve economies of scale or to increase effectiveness and efficiency, and is also able to provide certain administrative services to all partner organizations, the Director, PG or the PA may authorize, within the level of DOA set forth in 2.5.2 Table 1, the outsourcing of certain or all procurement actions for any period and designate the joint UN activity as the procurement agent for UNOPS and inform the ECPO. The rules and procedures established jointly by the participating UN entities for that activity or for joint procurement activities, including review requirements, shall be applicable.

14.2 Cooperation with governments and other organizations

In accordance with UNOPS FRR 118.02, “the Executive Chief Procurement Officer, or authorized personnel, may cooperate with clients other than those from an organization of the United Nations system, in respect of procurement activities, and enter into agreements for such purpose.”

Chapter resources	
UNOPS policies	EOD.ED.2017.04 - Financial Regulations and Rules
Guidelines	LTA Information Sheet
Templates	UNGM Common UN Procurement at the Country Level <i>Intranet site:</i> UNOPS LTAs



15

TRANSVERSE TOPICS

15 Transverse topics

15.1 The United Nations Global Compact

UNOPS expects its suppliers to support the United Nations Global Compact (UNGC) and its principles. The UNGC is a voluntary international corporate citizenship network launched to support both the private sector and other social actors' participation in the advancement of responsible corporate citizenship and universal social and environmental principles to meet the challenges of globalization.

The UNGC requests that companies embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption, known as the 10 principles of the UNGC.

a) Human Rights

- Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2. Make sure that they are not complicit in human rights abuses.

b) Labour

- Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4. The elimination of all forms of forced and compulsory labour;
- Principle 5. The effective abolition of child labour; and
- Principle 6. The elimination of discrimination in respect of employment and occupation.

c) Environment

- Principle 7. Businesses should support a precautionary approach to environmental challenges;
- Principle 8. Undertake initiatives to promote greater environmental responsibility; and
- Principle 9. Encourage the development and diffusion of environmentally friendly technologies.

d) Anti-corruption

- Principle 10. Businesses should work against all forms of corruption, including extortion and bribery.

The UN strongly encourages all suppliers to actively participate in the Global Compact. To that end, the UN Supplier Code of Conduct has been developed with recognition of the importance of the ten principles of the UN Global Compact, and is viewed as an important means of integrating the Compact's principles into the operations of the UN.

More information can be found on www.unglobalcompact.org.

15.2 Sustainable procurement

Sustainable procurement (SP) is the practice of integrating requirements, specifications and criteria that are compatible with and in favour of the protection of the environment, social progress and the support of economic development, primarily by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.

The SP concept maintains that government bodies, the public sector and the United Nations have an opportunity, through their collective and substantial purchasing power, to leverage markets to produce more sustainable goods and services. This market influence can be used as a strategic signal to further advance positive action on a wide range of sustainability issues and policy objectives. These may include, but are not limited to: the protection of labour rights, mitigation of adverse environmental impacts, poverty eradication, support for local development, and the achievement of the Sustainable Development Goals. Properly applied, SP can help producers and recipient countries, especially in the developing world, become more efficient and competitive in regional and international markets.

In addition, sustainability requirements may arise from the following sources:

- UNOPS partners' policies on economic, social and environmental sustainability such as gender equality requirements, health and safety requirements, vehicle emission standards, etc.; and

- Risks and opportunities identified through analyses of the market or operating environments, which are to be managed through the procurement process (as may be identified during the procurement planning and sourcing stages).

Sustainable procurement implementation is therefore important for the following reasons:

1. *Enhanced risk management:* By encouraging procurement practitioners to thoroughly understand suppliers' practices and the ability of the local market to respond, SP can help to identify important risks that could impact UNOPS reputation and the viability of individual projects (e.g the presence of child or forced labor, improper handling of waste);
2. *Innovation:* SP can enable procurement practitioners and requisitioners to consider more innovative solutions to their needs, which may not otherwise be considered (i.e. developing a packaging takeback program that creates local labor and income opportunities for persons in an IDP camp);
3. *Long term development of markets:* SP is a gradual process that helps to build markets over time. While some locations may not be able to provide the most sustainable options now, including SP criteria in tenders (i.e. requiring suppliers to voluntarily disclose their sustainability impacts, or creating a separate lot that is reserved for local small and medium suppliers) sends an important signal to the market and will foster more sustainable development over the long term;
4. *Aligned with Sustainable Development Goals:* Under SDG 12: "Ensure sustainable consumption and production patterns", SP has been identified as one of the key targets for the UN to achieve by 2030;
5. *Supports UNOPS guiding procurement principles:* SP supports the concepts of best value for money; fairness, integrity, and transparency; effective competition; and the best interests of UNOPS and its partners).

In line with UNOPS EOD on Occupational Health and Safety, and Social and Environmental Management, all UNOPS personnel involved in procurement activities shall consider sustainable procurement, to the extent possible within the context of their work, the country, the industry sector, and the supply market, with the objective that in due time, sustainable procurement becomes the default modality of procurement in the organization.

15.2.1 General considerations for sustainable procurement implementation

The following general considerations apply for SP implementation at UNOPS:

- i. There is no "one size fits all" for SP. When implemented, SP considerations should be tailored to individual procurement needs and the ability of the local market to respond. UNOPS procurement practitioners should try to balance the environmental, social and economic considerations in their procurements, as these are interdependent;
- ii. The intention to adopt sustainable procurement requirements in the procurement process should be identified early on, i.e. at the procurement planning stage, and should be supported with appropriate market research. UNOPS procurement procedures allow for a number of stages where sustainable procurement considerations may be applied (for details please refer to section [15.2.2 Sustainable procurement implementation in the procurement process](#)), including: sourcing; requirements definition; solicitation; evaluation; contract finalization and issuance; contract management;
- iii. The sustainable procurement requirements should be evidence based, i.e. be based on existing and credible third-party social or environmental certification criteria, or on information collected from UNOPS or stakeholders in industry, civil society and international development agencies.

15.2.2 Sustainable procurement implementation in the procurement process

This section includes specific considerations for SP implementation at key stages of the procurement process. In particular, UNOPS personnel are encouraged to visit the SP guidance intranet page, to access sample case studies of SP at UNOPS. This page is updated regularly with new examples from the field. Alternatively, please contact PG's sustainability team at sustainable.procurement@unops.org.

a) Planning

The project level procurement planning phase is crucial to ensuring that appropriate sustainability considerations can be identified and embedded into the process, if applicable. This should be done in partnership with the project manager or requisitioners and should ideally start even before, or during discussions with the partner or funding source at the engagement acceptance stage.

Specific considerations at this stage:

1. Conduct a market analysis. This will help understand:
 - a) What solutions already exist in the local market;
 - b) What has been done elsewhere (e.g. internationally);
 - c) What are the main social, environmental and economic risks/opportunities to be aware of for that specific product or service;
 - d) What third party social or environmental standards (i.e. eco-labels) are available for the product or service (if any);
 - e) If there a potential to consider alternative options that might be more sustainable.
2. Conduct a sustainability risk assessment. This will allow the identification of priority areas by assessing key spend data and specific procurement processes in the procurement plan. Prioritization should be done by identifying product or service groups that offer the best opportunities in terms of market response and potential for improvement. In doing so, focus should be on sustainability elements that are important and relevant (or considered a higher risk). For example, if the procurement process is for tents (and it is known that tents don't usually come with a lot of packaging), including a sustainable packaging requirement (e.g. packaging takeback or reduced packaging) may not be very relevant;
3. Re-consider the needs, i.e. consider specifically whether those goods or services need to be purchased. There may be an alternative solution such as leasing or purchasing fewer units that might be more cost effective, which in turn could lead to reduced waste and emissions;
4. Consider engaging with local suppliers to understand where there is potential to enhance their own sustainability. The UN Global Compact has a network of local chapters around the world that may be helpful to your suppliers. Membership enables companies to access several peers in their region with whom they may share best practices. Please see <https://www.unglobalcompact.org/engage-locally> for more information.

b) Requirements Definition

Clear and realistic requirements are crucial to conducting a successful procurement process and should be based on the information gathered at the planning stage. It is important that the drafting of sustainability requirements is done in a way that does not hinder competition.

Specific considerations at this stage:

1. Define the minimum sustainability requirements acceptable in the specifications, TOR, or SOW. Requirements should be clear, specific and measurable, and based on the results of the market research. Requirements may refer to existing third-party social or environmental standards (e.g. ENERGY STAR, Fairtrade, or equivalent);
2. The requirements definitions shall address specific and relevant sustainability requirements through either precise technical, functional or performance specifications. Specific requirements should set a threshold to be met by all firms or which allows firms to propose innovative ideas, to address the sustainability risks/opportunities;
3. Procurement practitioners may specify both the materials to be used in production and/or the method of production or service delivery. However, technical specifications should bear a link to the subject matter of the contract, and should only include those requirements that are related to the production of the goods, services or works being procured. UNOPS shall not require production processes that are proprietary or otherwise only available to one firm, or to firms in one country or region, unless such a requirement is justified.

c) Sourcing

Sourcing responsible suppliers is an important step in ensuring that the sustainability risk is minimized. In other words, SP includes not only what is purchased, but also who is it purchased from. By using the purchasing power of UNOPS, procurement practitioners can encourage or influence suppliers to make important changes that can enhance the sustainability of the entire supply chain.

Specific considerations at this stage:

1. Consider strategic approaches to sourcing such as creating a short list or pre-qualified list of vendors (see 5.7) or grouping similar requirements repeated over time to run a procurement process for longer-term contracts, such as BPAs and LTAs (see [11.4 Long-term agreement \(LTA\)](#) and [11.5 Blanket purchase agreement \(BPA\)](#) for details). Longer term contracts will give suppliers a greater incentive to bid, and increase the opportunity to improve the sustainability of vendors over time (to be monitored during contract management stage) when compared to ad-hoc purchases.
2. Consider creating short lists for limited competition (see [6.2.2 Limited international competition and limited national/regional competition](#)) on the basis of other business characteristics, provided that these characteristics demonstrate improved environmental or socio-economic outcomes for the project. It shall also be permitted to

designate a proportion of subcontracts for businesses that meet these other business characteristics. Such characteristics shall be limited to the following two areas:

- a) Local small or medium business as defined by the local or regional context;
- b) Local minority or traditionally disadvantaged business as defined by the local or regional context (i.e. Women-owned businesses or Youth-owned business).

If the project agreement does not include the above provisions, the business unit must send a request to the Director of PG and outline:

- The procurement to be undertaken (when, what and for whom);
- Whether the procurement will include full or partial lots, or whether it will include a designation of a proportion of a subcontract;
- Confirmation of the willingness of the donor or funding source to support this requirement and limit competition;
- Which other business characteristics are to be employed (i.e. local, small women-owned business) and documentation from a reputable third-party organization that verifies and defines these characteristics for the local or regional context;
- Details regarding the ability of the market to respond to these provisions (i.e. market research);
- Details regarding how the *other* business characteristics of suppliers to be included in the short list will be verified;
- Details regarding how these provisions will enhance the environmental or socio-economic outcomes of the project and the anticipated results.

The Director of PG, in consultation with the Legal Group and other appropriate stakeholders, will review each request on a case-by-case basis and provide written approval as appropriate.

d) *Solicitation*

The solicitation stage is critical for SP implementation, as the solicitation documents will include the evaluation criteria against which the offers will be evaluated on (no other criteria can be added later in the process, i.e. during evaluation of submissions). The preparation of solicitation documents is also important as some of its key elements, including the requirements definitions, will be then incorporated into the contract and be used during contract management to monitor performance.

Specific considerations at this stage:

1. Consider creating a tender title that clearly identifies the desire to purchase sustainably;
2. Consider conducting an open or limited national/regional competition, if relevant and justified (see [6.2.2 Types of competition](#)) and/or complementing an international tender advertisement with communicating the opportunity to local business associations or organizations that can encourage small and medium local businesses to bid;
3. Consider dividing large procurements into smaller lots. Smaller lots may be more accessible to local small and medium suppliers which may not have the capacity to bid for the entire order. Please see [6.5.2](#) paragraph f;
4. In cases where defining clear sustainability requirements is difficult, or the potential price impact of more sustainable options is unknown, consider allowing alternative offers that include enhanced sustainability considerations. Please see [6.5.2 Particulars and instructions to bidders](#) paragraph g, Alternative bids/offers;
5. Embed the minimum sustainability requirements desired into the qualification, technical and financial evaluation criteria of the solicitation document (see [6.5.3 Evaluation criteria](#)). This should be based on the requirements definition developed previously and on the maturity of the local market. Sustainability criteria can be embedded in the tender document as either pass/fail criteria (mandatory, e.g. qualification criteria or technical criteria of RFQ and ITB), as rated criteria (only for technical criteria of RFP) or as a voluntary disclosure criteria (non-mandatory, for all tender types). Please refer to the UNOPS Sustainable Procurement Criteria checklist available on the SP intranet page. Care should be taken to balance sustainability considerations with other non-sustainability ones;
6. Evaluation criteria may require sustainable procurement technical competence to be demonstrated. In practical terms, this may require that the bidder:
 - a) has previous experience in successfully executing contracts with similar requirements;
 - b) employs or has access to personnel with the required educational and professional qualifications, practices and experience to deal with the sustainable procurement elements of the contract;
 - c) owns or has access to the necessary technical equipment for environmental protection;
 - d) has the means to deliver on the sustainable procurement aspects of the contract.

7. Internationally recognized certification or accreditation schemes, or equivalents may be used to demonstrate a bidder's ability to apply environmental management measures. Such schemes may include ISO 14001 or equivalent;
8. Financial criteria for certain product/service categories (e.g. vehicles, ICT, generators, and lighting), can include a requirement that evaluation will be done using a Life Cycle Cost (LCC) analysis. See section [6.5.3.3 Financial criteria](#) for details;
9. Compliance to the evaluation criteria stated in the solicitation document will be assessed at evaluation stage. Prior to the request for award, UNOPS may additionally perform a background check on the vendor(s) recommended for award including verification of contract conditions such as on child labor, mines and sexual exploitation. See section [8.10.2 Background checks](#) for details;

e) Contract finalization and issuance

Embedding sustainability considerations into the contract issued to the supplier will enable UNOPS to ensure that the outputs expected are achieved. The contract may include economic, social and environmental considerations in contract performance clauses, provided they are included in the solicitation document and comply with UNOPS policy.

This is a crucial requirement, especially for longer-term contracts with suppliers, such as LTAs, where the relationship is expected to last several years, or where the risk to UNOPS is deemed to be higher.

Specific considerations at this stage:

1. Include relevant sustainability clauses from the tender in the contract. These clauses should be measurable and realistic and could include, for example, requiring packaging improvements such as using recycled content or bulk shipment, an annual presentation on the supplier's sustainability performance for the purchase in question, or other. In the case that the background check or market analysis identifies potential risks (e.g. potential for child labour, or non-compliance with local environmental regulations), these risks may be mitigated through the inclusion of proper clauses in the contract. Note: any changes to standard contract terms and conditions must be reviewed by Legal;
2. Include relevant supplier performance evaluation metrics or key performance indicators (KPIs) that will be evaluated. The KPIs should link back to key sustainable procurement aspects of the specification or the final contractual commitment made by the successful bidder and should be used to measure essential aspects of a contract.

f) Contract Management

When and where appropriate, including sustainability considerations in the contract management activities can enable suppliers to enhance their own capacity to deliver against current and future contracts.

Specific considerations at this stage:

1. Perform vendor performance monitoring activities (see [13.2 Vendor performance monitoring](#) for details). In many cases, supplier performance monitoring presents an important opportunity to move suppliers towards more sustainable outcomes by allowing UNOPS to prioritize key areas for improvement, and identify opportunities for enhanced sustainability;
2. Upon contract completion, prepare the supplier performance evaluation (SPE), if applicable. This would be useful to record, for future opportunities, the supplier's performance during the contract, including against identified sustainable procurement requirements. See [13.2.7 Supplier performance evaluation](#).

15.3 Risk management

UNOPS FRR define risk management as “the set of policies, procedures, and practices involved in the identification, analysis, assessment, control, avoidance, minimization, or elimination of unacceptable risks”.

The following UNOPS policies address risk management elements and are particularly relevant to procurement:

- EOD – Organisational Principles and Governance Model;
- EOD – UNOPS Financial Regulations and Rules;
- OD – Procurement Framework;
- OD9 – Internal Control Framework for UNOPS Offices;
- OD10 – UNOPS Policy to Address Fraud;
- OD27 – Internal Control and Risk Management Framework;
- OD34 – Framework for Delegations of Authority;
- OI – Procurement Procedures;
- OI – Vendor Sanctions.

The above policies and this procurement manual, provide for, amongst others, the following risk management measures:

- Framework for delegation of authority in procurement (see [2.5 Procurement authority](#));
- Identification of other critical roles in the procurement process, and linkages of these roles to specific procurement training requirements (see [2.2 Responsibilities of organizational units and key roles in procurement processes](#) to [2.6 Procurement Reviewers](#));
- Review of procurement processes by Contracts and Property Committees (CPC) (see [9 Procurement Process review](#));
- Procedures for independent internal investigation of fraud and other proscribed practices by IAIG and mechanism to determine sanctions for vendors (see [1.5.3.1 Proscribed practices by suppliers and vendor sanctions](#));
- Guidance on indications of potential proscribed practices (see [8.8.6 Indications of potential proscribed practices](#)).
- Provisions to carry out background checks (see [8.10.2 Suppliers with pending claims, disputes and contentious issues](#)).
- Bid protest/complaint mechanism for vendors (see [10.2.2 Protest procedures](#));
- Solicitation and contract templates adjusted to critical requirements, in particular for works and construction (see [6.5 Components of solicitation documents](#) and [11 Contract finalization and issuance and contractual instruments](#));
- Quality assurance manual for pharmaceutical and medical device procurement (see [15.3.1 Quality Assurance Manual for Pharmaceutical and Medical Device Procurement](#)).

At the project level, procurement risks are managed by the project manager together with other sources of risk that can impact a project, including external factors (political, economic, social, environmental).

Risks in procurement can originate in any stage of the procurement process. At the procurement process level, the project manager should work closely with the procurement official in identifying potential risks, assessing impact and probability to understand the consequences, and putting in place appropriate mitigation measures. The table below shows some examples of procurement risks, their possible consequences and potential risk mitigation actions to be put in place.

Table 13 | Sample risks in the procurement process and risk mitigation actions

Stage	Risk	Possible consequences	Risk mitigation actions
Planning and strategy	Delay in procuring critical requirements for the project	Delay in project outputs and outcomes, impacting other stakeholders Higher prices	Early planning of procurement processes. Adoption of appropriate strategies, including usage of LTAs if appropriate
Requirements definition	Restrictive requirements definition	Limited supplier response Claims by vendors for unfairness and lack of transparency	Improved product and market understanding through market research Include generic functional and performance specifications
Solicitation	Low interest in the procurement process	Delays (if need to re-tender) Higher prices (if perceived there is no competition)	Publish tender widely and with ample tender period Conduct pre-bid meeting
Evaluation	Selecting vendors with unethical past conduct	Damage UNOPS reputation	Check all vendors against ineligibility lists Conduct background check on recommended vendor, prior to award
Contract management	Failure of vendor to perform the contract	Contract disputes Inadequate quality of goods, services or works Delays	Include adequate evaluation criteria in solicitation document Active contract management actions Regular inspections and progress reports

15.3.1 Quality Assurance Manual for Pharmaceutical and Medical Device Procurement

For health procurement, UNOPS has a quality assurance policy in place, which is contained in Annex A: Quality Assurance Manual for Pharmaceutical and Medical Device Procurement. This manual reflects the commitment of UNOPS to operating a robust quality system for the procurement of pharmaceuticals and medical devices.

The manual includes UNOPS policy in all matters affecting or affected by such a quality system, including managerial responsibilities thereof. UNOPS commits itself to identifying and supporting the processes needed for the quality management system and their application to health procurement throughout the organization, in accordance with recognized international best practices, especially as are recommended by norms and standards defined by the WHO and published in the Technical Report Series and on the monographs of the WHO International Pharmacopoeia, and Global Harmonization Task Force (GHTF) for medical devices.

15.4 Emergency Procurement Procedures

All UNOPS procurement must be undertaken in compliance with the FRR, other relevant applicable legislative instruments and this Procurement Manual. Due to UNOPS increased role in supporting partners in post-conflict and post-crisis operations, as well as in emergency operations, specific Emergency Procurement Procedures (EPP) have been developed and are included in section 9 of the OI on Vendor Procedures and expanded in this section of the Procurement Manual, pursuant to FRR 118.05 (b) and the ECPO's authorization to the Director, PG. Director.

The EPP allow UNOPS to use simplified processes to facilitate rapid response during an emergency situation without compromising the use of EPP are limited to only those defined under this section, 15.4. Any use of EPP is subject to the prior approval of the ECPO. All other situations of importance and urgency must be dealt with through the application of regular procurement procedures.

UNOPS FRRs allow exceptions where the exigencies of UNOPS operations do not permit procurement to be undertaken with formal methods of solicitation. However, some emergency situations that may give rise to justification for exceptions still follow a process wherein several offers are compared to ensure best value for money for UNOPS.

In order to facilitate rapid response in emergency situations, while at the same time upholding the procurement principles outlined in [1.4](#), the EPP described in the following sections permit a solicitation process using RFQs and associated procedures.

15.4.1 Definition of emergency situation

For the purposes of this chapter, emergencies are defined as: Urgent situations in which there is clear evidence that an event or a series of events has occurred which imminently threatens human life/lives or livelihoods, and where the event or a series of events produces disruption in the life of a community on an exceptional scale.

The event or a series of events can comprise any of the following:

- a) Sudden calamities such as earthquakes, floods, locust infestations and similar unforeseen disasters;
- b) Human-made emergencies resulting in an influx of refugees or the internal displacement of populations or in the suffering of otherwise affected populations;
- c) Drought, crop failures, pests, and diseases that result in an erosion of communities and vulnerable populations' capacity to meet their basic needs;
- d) Sudden economic shocks, market failures, or economic collapse resulting in an erosion of communities' and vulnerable populations' capacity to meet their basic needs;
- e) A complex emergency for which the government of the affected country or the Head of Agency of a UN organization has requested the support of UNOPS;
- f) Strategic, time-critical, or risk mitigation imperatives in the development, peace building or humanitarian context: This trigger is dependent upon a judgment call by UNOPS management in the field. This will most likely come into play in a protracted crisis situation, when there is an unexpected and significant change in the operational environment that allows for and requires fast action. These are often characterized by a sensitive political imperative to deliver or an urgent need that cannot be met through the application of the regular procurement procedures to implement an exceptionally complex programme that has not been anticipated. Any application to use EPP on this basis must include a supporting statement from the relevant regional director after consultation with the respective functional directors, and United Nations Country Team as appropriate;
- g) The following definitions apply for the terms 'strategic', 'time-critical', and 'risk':

- i. Strategic: Used here to describe situations where UNOPS involvement in a crisis, or rapid expansion of UNOPS programs in a specific context, is considered essential for delivering development results to remain relevant, and to maintain or build the organization's reputation;
 - ii. Time Critical: Used here to denote the need to deliver development results within a very short or medium term timeframe within which UNOPS must make a contribution or impact in order to help the United Nations Country Team remain a relevant player in the development arena;
 - iii. Risk: Identification of security risk(s) that expose personnel, assets, works or operations to increased vulnerability requiring urgent action in order to lower those risks to an acceptable level. Serious security incidents and/or high likelihood of their occurrence can be a key trigger for the use of EPP. Security compliance issue that puts the lives of UNOPS personnel at risk are usually identified by UNDSS, UNOPS security, or the senior management of the business unit.
- h) Other event(s) that in the opinion of the ECPO would fall under the definition of a genuine emergency situation.

Examples of EPP situations:

- Strategic:
 - UNOPS is involved in a highly political stability project on disarmament, demobilization, and reintegration in a post-conflict situation with the support of the entire United Nations Country Team. There is an immediate and strategic requirement for visible progress in order to assure factions of the 'peace dividend' and restore hope that progress and development is coming. Stakeholders have impressed on UNOPS the political urgency of delivery at a high level. UNOPS institutes emergency procedures in order to allow a limited but rapid expansion of UNOPS programme in order to meet a requirement to open countrywide offices to quickly begin taking names of ex-combatants;
 - The Department of Peacekeeping Operations (DPKO) is given a mandate to establish peacekeeping camps within a certain number of days. UNOPS is tasked with expanding the capacity of the UN system and providing 'rapid response' services to DPKO to enable it to meet the GA deadline, which would otherwise be unattainable.
- Time critical: Provision of services related to a forthcoming election (the date of the election cannot be changed and failure to deliver in time would have international repercussions);
- Risk: Bombing of a hotel in a country requires urgent procurement of blast film.

15.4.2 Approval of the use of EPP

The ECPO determines when there is an emergency situation justifying use of EPP. Unless the ECPO has approved the use of EPP, standard procurement procedures must be used. Request for approval of the use of EPP must be presented to the ECPO using the standard format and shall include the background information and justification for its use, as well as a description, approximate value, quantity, and requirements of the estimated procurement needs under the specific operation. Approval requests must also provide justification that none of the discretionary authority of the respective PA stated in this Procurement Manual will achieve the procurement needs of the emergency operation.

The approval for use of EPP is time- bound, limited to a specific operation and may also be limited to the procurement of defined products in relation to a specific operation. Contract awards can only be done outside the approved EPP period provided the solicitation process for that procurement action was initiated within the EPP period.

UNOPS monitors the use of EPP and keeps a record of its use, which will be audited regularly.

15.4.3 Strategic planning of emergency procurement

Individual EPP are not easily planned as by definition emergencies are often caused by unforeseen events. However, proactive measures can be taken to ensure preparedness to carry out emergency operations. Planning for emergencies is an important part of UNOPS regular procurement planning. The following activities are examples of proactive measures that can facilitate EPP:

- a) Advance identification and registration of suitable suppliers of products frequently requested in emergency operations, including confirmation by suppliers of willingness to respond to solicitations on short notice;
- b) Pre-qualification of suppliers of products frequently requested in emergency operations;
- c) Development of standard specifications/TORs/SOWs for goods, services, or works typically requested in emergency operations;

- d) Establishment of LTAs with suppliers of products typically requested in emergency operations, and specifying in LTAs the need for stock availability and emergency preparedness;
- e) Identification of relevant LTAs from other United Nations organizations.

PG will work continuously on the above in order to help ensure that the organization is prepared for emergency situations. To make strategic planning relevant, it is of utmost importance that UNOPS procurement officials involved in emergencies provide input and lessons learned after each emergency operation. Strategic planning measures as listed above might also be relevant in certain decentralized UNOPS offices.

15.4.3.1 Emergency task force

In all emergency situations, the business unit concerned should liaise with PG in order to guarantee early information exchange and proactive measures to be taken. Further, lessons learned should be codified as they form crucial input to process improvements and help better the management of future emergency situations.

15.4.4 Emergency procurement procedures

During emergency operations, procurement officials may alter the regular procurement procedures as outlined in this section.

When faced with an emergency procurement activity, procurement officials should:

- Conduct backward planning, i.e. plan procurement activities starting from the time the goods have to be delivered, counting backwards to determine the maximum length of time required for each procurement step (solicitation, evaluation, award, contract issuance, etc.);
- Determine proactively the likely availability of team members for evaluation;
- Issue urgent notifications to relevant stakeholders involved in the process so that they can be prepared to respond faster, e.g. Chairperson of HQCPC, ECPO, etc.

EPP are less formal and offer more flexibility than the regular procurement procedures applicable in non-emergency situations; at the discretion of the ECPO more conservative procedures might be imposed through issuance of written instructions to the business unit. For example, this might include requiring transmittal of receipt of offers to a secure email address or fax number, if available.

15.4.4.1 Availability of funds

In emergency situations, it will often be necessary to initiate solicitation processes prior to receiving the funds. Under normal circumstances, UNOPS will not undertake solicitations until funds are secured in order to avoid deploying UNOPS resources on unconfirmed commitments, and to protect UNOPS reputation among suppliers. However, in emergency situations, the severe impact of delays may justify commencement of the process prior to confirmation of availability of funds. The market must be informed of UNOPS right to cancel the RFQ and reject all offers received.

Under no circumstances should an order be placed prior to the receipt of funds. Any exceptions to this rule must be approved in writing in accordance with the policy on advance funding activities established by the ED pursuant to FRR 112.01.

15.4.4.2 Needs assessment and requirement definition

The assessment of the functions, performance requirements, characteristics, objectives, and/or expected outputs of the product to be procured is no less important when procuring under EPP. To the extent possible, the regular procedures for requirements definition specified in [4.3](#) of this Procurement Manual should be followed. However, since emergency procurement is often done under time constraints and the RFQ method of solicitation allows more flexibility, less formality can be accepted for requirement definition in emergency situations. The following points should be considered:

- The use of brand names in requirement specifications, which is generally not allowed under the regular procedures, may be used in emergency procurement, if it aids description of the required product. To avoid restricting competition, the words 'or equivalent' must be added unless a particular brand is required for standardization purposes. It must also be stated that equivalent brand name products would be accepted. Standardization is particularly sensitive in emergencies: requirement of a specific brand might delay the delivery, while other brands could be readily available or ex-stock;
- Product instructions and standard specifications/TOR previously developed and available through the UNOPS Intranet can be used to facilitate the requirement definition;

- Existing LTAs can provide useful specifications and must also be checked for compliance with the current need. If LTAs exist for the requested product, and the LTA can adequately cover the need in terms of stock availability and delivery times, orders should be placed against the existing LTA;
- Purchase ex-stock should be considered, although this often represents a costly solution to a defined need.

It is extremely important to consider the desired result in order to ensure that a useful product, covering the actual need, is delivered.

15.4.4.3 Sourcing

There are no specific requirements concerning sourcing under EPP. If it is determined that rapid delivery of goods, services or works can be achieved only through the award of a contract to a suspended vendor, then specific approval must be obtained from the ECPO. The request for approval must contain proper justification and indication of additional safeguards that will apply to mitigate reputational and other risks for UNOPS related to using suspended vendors.

Under EPP, priority should be given to suppliers experienced in supplying the UN system in emergency operations in order to reduce lead-times and the risk of contract failure. Strategic sourcing undertaken upfront by PG should always be checked, as it could provide useful input. PG is available to provide sourcing support for specific requests.

The following points should be considered:

- a) Use existing LTAs if feasible (including LTAs of other UN entities);
- b) Consider the use of existing rosters or other lists of suppliers;
- c) Consider purchase of second hand equipment; supply from UNOPS stock; redeployment of goods from other operations; borrowing goods from another UN organization; diversion of pipeline goods for another project; or renting equipment until ordered goods are delivered.

For solicitations undertaken through use of the RFQ method of solicitation there are no specific requirements to prepare a short list. However, in order to comply with basic audit requirements, the procurement file must contain a brief explanation as to which suppliers were considered and why.

15.4.4.4 Solicitation method

Under EPP, an RFQ may be used for solicitation of offers regardless of the value of the procurement and shall be deemed to be a formal method of solicitation. There are no specific requirements concerning the type of competition (national/international), but procurement officials should ensure competition by requesting at least three quotations, if feasible.

15.4.4.5 Solicitation

RFQs can be used regardless of the value of the emergency procurement. When using an RFQ in emergency situations, no absolute deadline or specific template is required (except for works procurement), however suppliers should be given a realistic deadline to respond to the request. The request must contain enough information to enable suppliers to give an informative quote, meaning all requirements must be communicated clearly and in the same manner to all suppliers along with the method of evaluation.

RFQs can be placed orally for goods and services, however the quotes from the suppliers shall preferably be in writing. If required, suppliers may quote their offer orally, and confirm price and terms in writing prior to award of contract. If time allows, written RFQs using the corporate templates should be issued, as this supports the transparency of the process, by ensuring that all suppliers receive the same information at the same time. However a specific RFQ template must be used for procuring construction works and may be linked to the most appropriate works contract for the given works, which may be the Minor Works Contract or any other of the UNOPS works contracts if more appropriate.

Additional considerations of RFQs under EPP:

1. Additional suppliers may be added at any stage of the process;
2. Local suppliers may be given preference, due to time constraints and logistics considerations. However, procurement officials must be aware that local availability of products might fluctuate, since the stock of certain products will rapidly dwindle in an emergency situation. It is always advisable to check multiple markets for ball-back options, and to reconfirm availability before placing an order;
3. The supplier offering the lowest priced, most technically acceptable offer might not be able to supply all requested goods, or the full quantity requested. Therefore, the possibility and option to make split orders must always be made clear in an RFQ for emergencies. Split orders can ensure availability of all requested items, as well as safeguard economy by placing a partial order with the supplier offering the lowest price for the

respective item. In cases where the full quantity requested cannot be provided by one supplier, an additional order can be placed with the supplier offering the second lowest priced.

15.4.4.6 Evaluation

Offers received based on an RFQ during an emergency operation must be assessed against the requirements stated in the RFQ. At least two individuals must be involved in the evaluation of offers. Contracts are awarded according to the 'lowest priced, most technically acceptable offer' evaluation methodology and an evaluation report must be prepared. When using this methodology, price serves as the overriding evaluation criterion upon which to award a contract.

However:

- a) This methodology does not ever permit the selection of a substantially non-compliant offer if a substantially compliant offer exists;
- b) The technical advantages offered by a higher priced quotation may in certain cases justify selection of an offer other than the lowest priced;
- c) Further, the RFQ modality allows selection of the most technically acceptable offer in cases where none of the offers fully meets the requirement specification (where regular formal methods of solicitation would require re-tendering).

The selection of a supplier other than the one offering the lowest priced option requires proper justification documented on file. See [8 Evaluation of submissions](#), for further guidance. The following points should be considered:

- Whilst evaluation is conducted according to the 'lowest priced, most technically acceptable' methodology, and no exact evaluation criteria must be determined in the RFQ, procurement officials still have an obligation to present all suppliers with the same information regarding UNOPS requirements, delivery dates, and any other factors which will be assessed during evaluation and selection;
- With a lack of firm evaluation criteria, particular emphasis must be placed on creating a written record of the evaluation process and the justification for supplier selection;
- The evaluation team shall have the right, for reasons of expediency and subject to equal treatment of bidders, to decide not to ask bidders for missing historical documents;
- Given time constraints and thus limited extent to which background checks can be performed, procurement officials may request a performance security from the supplier. Willingness of bidders to provide a performance security is a positive indication regarding the financial position of the company;
- RFQs issued during an emergency operation constitute a formal method of solicitation. Hence, negotiations can be undertaken with a potential supplier, after selection of the supplier, and in accordance with 8.9 Negotiations (ITB provisions).

15.4.4.7 Award

The PA with the delegated authority (DOA) for the value of the procurement activity (see [2.5.1 Delegation of authority](#)) will award contracts further to an EPP activity. Where the ECPO has granted authorization to use EPP, the use of an RFQ process shall be deemed to constitute a 'formal method of solicitation' for the purposes of FRR 118.05(a). The resulting award to the winning offer is made on the basis of the use of formal methods of solicitation and respective DOA thresholds for awards apply.

Where deemed necessary and justifiable, a temporary increase in the procurement DOA levels may be granted, in writing, by the ECPO. The increase must be time-bound and given to a specific individual (not function).

The ECPO may decide that only HQCPC and not the LCPC can review relevant submissions under EPP. The committee designated to review EPP submissions will be indicated by the ECPO at the time of EPP approval. If CPC review is required, the following simplified review process is established for emergencies;

- i. Procurement undertaken following the approval of the ECPO to use emergency procedures can be submitted to the relevant PA for award through the chairperson of the relevant CPC;
- ii. There is no requirement for a full committee review, but the chairperson reviews and provides written advice to the relevant PA. Alternatively, an ad hoc meeting of the relevant CPC can be called at the discretion of the chairperson.

A standard request for emergency award must be completed and signed by the submitter. In addition to the usual information that must be provided in a request for award, the emergency award contains the following:

- a) Written confirmation of not having any vested interest in the supplier recommended for award. If a conflict of interest exists, it must be explicitly disclosed at this stage, in addition to the normal requirement to disclose any potential conflict of interest at any time during the procurement process;
- b) Written confirmation that all required documentation is available on file;
- c) Written confirmation that the recommended contract award represents the best available solution according to the information available at the time of recommendation of the award.

Funds must be available prior to award of contract, unless advance funding applies as described in AI/FPG/2012/01. For requests for emergency award requiring CPC review, please use the online CPC System. For other requests, use the template.

15.4.4.8 Contracts

Due to the risk involved, the procedures for contract preparation and issuance as well as contract administration remain the same as under normal conditions. Standard UNOPS contract formats are used when contracting suppliers during emergency operations. UNOPS requires written contracts to be signed for all procurement activities with values equal or above US\$2,500.

UNOPS never enters into oral contracts; each UNOPS contract must be in writing and duly signed by the parties as set forth in this manual. Care must be taken to avoid exposing UNOPS to the risk of inadvertently entering into a binding oral agreement (see [11 Contract finalization and issuance and contractual instruments](#) for guidance and contract templates).

15.4.4.9 Contract management

Contract administration of emergency contracts is a combined responsibility of the procuring unit and the personnel responsible for emergency operations (see [13 Contract management](#) for further guidance).

15.4.5 Filing

Proper documentation of the procurement process in a procurement file is a requirement for each procurement exercise. The use of the EPP allows more flexibility in the procurement process than UNOPS regular procedures. This increases the responsibility of procurement officials as well as involved managers to document that the procurement has been conducted consistent with the procurement principles and in accordance with the FRR. Procurement officials are reminded that proper filing also protects the individual undertaking the procurement activity from undue suspicion and ensures that actions can be justified to auditors.

In order to document the EPP and to justify decisions and choices made when selecting the supplier and awarding contract, all steps in the process must be documented in the procurement file. In the event of dispute, the file is critical: it documents the procedure, establishes an institutional memory, forms the basis of a lessons learned process, and is essential for audit purposes.

Please refer to section [13.9 Maintenance of files](#) for filing requirements. In addition to documents identified therein, for processes under EPP the file should also include the request for approval as well as approval of the use of EPP.

15.4.6 Audits

The TOR for procurement-related internal audit of a UNOPS business unit may include a request for a review of all procurement operations carried out under EPP.

As in the case of any other procurement activity undertaken by UNOPS, the personnel involved remain personally responsible and accountable for their actions or lack thereof, and can be held personally responsible and financially liable for any mismanagement or undue action taken.

Chapter resources

UNOPS policies

[EOD.ED.2017.02 – Organisational Principles and Governance Model](#)

[EOD.ED.2017.04 - Financial Regulations and Rules](#)

[EOD.ED.2017.03 - Health & Safety and Social & Environmental Management](#)

[OD9 – Internal Control Framework for UNOPS Offices](#)

[OD10 \(rev.2\) – UNOPS Policy to Address Fraud](#)

[OD27 – Internal Control and Risk Management Framework](#)

[OD34 \(rev. 2\) – Framework for Delegations of Authority](#)

[OI.PG.2017.02 – Vendor Sanctions](#)

Other useful resources

[UN Global Compact](#)

Intranet site: [UNOPS Sustainable Procurement Guidance page](#)

Intranet site: [Quality Assurance Manual for Pharmaceutical and Medical Device Procurement](#)



APPENDICES

Appendices

Glossary

Accepted contract amount	The amount stated in the schedule of details and recorded in the schedule of contract price, based on the estimated quantities and fixed unit rate and prices and provisional sums, (if any), inserted in the bill of quantities, for the execution and completion of the works and remedying any defects.
Accountability	The obligation to: a. Demonstrate that work has been conducted in accordance with agreed rules and standards; b. Report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.
Administrative instruction (AI)	An administrative instrument used by UNOPS to establish instructions, procedures and business process maps for implementation of superior United Nations legislations applicable to UNOPS or Organizational Directives (ref: OD 01).
Advance financing	The authorization to incur partial expenditures pursuant to a project agreement but prior to receipt of project funds.
Arbitration^{16*}	A method that is agreed to in advance by the parties to a contract to resolve a dispute by submission to one or more neutral third party arbitrators for a binding judgement; arbitration is normally used to avoid litigation, i.e. court procedures.
Assets	Comprise: a. Tangible assets or resources – controlled by UNOPS as a result of past events, including work in progress, and from which future economic benefits or service potential are expected to flow to UNOPS – that are physical in nature, have a value above the threshold set by the Executive Director and are included in the inventory, excluding cash and cash equivalents; b. Intangible assets or resources – controlled by UNOPS as a result of past events, including work in progress, and from which future economic benefits or service potential are expected to flow to UNOPS – which do not have a physical existence, including but not limited to franchises, trademarks, patents, copyrights, goodwill, securities, financial instruments and contracts.
Audit	The systematic examination and verification of UNOPS accounts and transaction records, other relevant written documents, and physical inspection of property, plant and equipment by qualified accountants.
Award	The authorization given by authorized personnel to establish a commitment
Bank guarantee for advance payment	An unconditional and on demand bank guarantee from the contractor to UNOPS for advance payment enabling the contractor to commence works. Such advances arrive at first interim payment.
Bank guarantee for performance	A bank guarantee obtained from the contractor to protect UNOPS from non-performance by the contractor of its contractual obligations. It is a promise from a bank that it will pay UNOPS the amount of the guarantee if the contractor fails to perform any of the terms, provisions or conditions of the contract.
Best value	Lowest price is not necessarily the most important criterion in the procurement of goods and services; the concept of best value takes many factors into account to select the optimal solution to a specific need.

* All terms marked with an * are in accordance with the Common UN Glossary of Terms as agreed by the HLCM Procurement Network.

Best and final offer (BAFO)	A tool that can be used during the final evaluation phase of a procurement
Best value for money	The trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria.
Bid	An offer in response to an invitation to bid or an offer in response to an electronic auction.
Bid security (bid bond)*	A security from a supplier securing obligations resulting from a contract award with the intention to avoid: the withdrawal or modification of an offer after the deadline for submission of such documents; failure to sign the contract or failure to provide the required security for the performance of the contract after an offer has been accepted; or failure to comply with any other condition precedent to signing the contract specified in the solicitation documents.
Bidder/proposer/offeror*	An entity that submits an offer in response to a solicitation. Normally, the term bidder is used to refer to the entity responding to an EOI, RFI, ITB, RFQ or an electronic auction; the terms proposer or bidder may be used to refer to the entity responding to an RFP.
Bid protest	A complaint against the methods employed or decisions made by a contracting authority in the administration of a process leading to the award of a contract.
Bill of lading*	A carrier's contract and receipt for goods it agrees to transport from one place to another and to deliver to a designated recipient (consignee).
Bill of quantities (BOQ)*	A description and a quantitative estimate of all materials, and/or supplies, which will be required for a proposed construction project or production of equipment (usually custom designed), provided to bidders for pricing purposes.
Blanket purchase agreement (BPA)	A written agreement between UNOPS and a supplier established for a defined period of time (normally not exceeding 12 months) for clearly specified goods/supplies or quantifiable services at fixed prices or fees. BPAs are typically issued at the local level to satisfy straightforward and recurring operational requirements of a support nature.
Brand names	A name or trademark by which one producer distinguishes their product from those of similar products by other producers in the same industry. A brand name identifies both the product and the producer.
Business unit	An operation or office that is led by the respective key management personnel. In UNOPS, these units typically consist of headquarters, regional offices and operations centres, project centres and clusters.
Buyer*	The individual or personnel designated by an authorized official to undertake all activities necessary for the procurement of goods, works, or services in accordance with the applicable regulations, rules, policies, and procedures. The term buyer is also used to denote the UN entity that is a party to the contract. At UNOPS, the term 'procurement officials' may be used for personnel executing the role of buyer.
Call-off orders	Orders against an established long-term agreement.
Cartel	A small group of competing producers/suppliers of a good or a service who agree to regulate production, price and/or marketing in an effort to control or manipulate the market.
Catalogue*	An organized list of goods or services specifying the description, price, unit of measure and other attributes. A catalogue may be available as a document or in electronic format.
Certificate for Design Review Compliance	A certification of design compliance, confirming that a design has been reviewed and assessed for design risk in accordance with UNOPS Design Planning Manual. Required before the tender process commences.
Client	A certification of design compliance, confirming that a design has been reviewed and assessed for design risk in accordance with UNOPS Design Planning Manual. Required before the tender process commences.
Closing date	The deadline for all bid/proposal submissions.
Cluster	A thematic, or otherwise defined, UNOPS business unit tailored to specific partner and client needs for coordinated global or multi country delivery of programmatic support.

Collaborative procurement, common procurement*	A procurement arrangement in which several UN organizations combine their efforts to undertake procurement in cooperation or share the outcome of a procurement process, thereby achieving benefits for the group in its entirety. The objective of collaborative procurement is to achieve reduced price or better service through economies of scale and to reduce inefficiency and duplication across the UN organizations.
Commitment	The anticipated or contingent liability against funds allocated for the current or future year(s).
Competitive bidding*	A procurement method in which offers from competing suppliers are invited by open advertisement and provided with the scope, specifications, and terms and conditions of the proposed contract as well as the criteria by which the offers will be evaluated. The objectives of competitive bidding are to obtain goods or services at the lowest cost or best value through open and fair competition.
Consignment*	<p>a. An agreement with a supplier to stock goods at a customer's location with the goods remaining the property of the supplier until used or sold;</p> <p>b. A shipment that is handed over to a common carrier for transport and delivery.</p>
Contingency allowance	A manageable and identifiable budget for necessary, unforeseen and unknown components of works within the overall general scope, but not for additional, unconnected or offsite works.
Contract*	In the context of UN procurement, a contract is a written, legally binding agreement between the organization and a supplier, which establishes the terms and conditions, including the rights and obligations of the organization and the supplier. A contract may take many different forms, e.g. agreement, purchase order, memorandum of understanding, letters of assist.
Contract administration*	All actions undertaken after the award of a contract relating to the administrative aspects of the contract, such as contract amendment, contract closure, record retention, maintenance of the contract file, and handling of security instruments (e.g. performance security).
Contract dispute	An unresolved contractual dispute between the supplier or its representative and UNOPS personnel designated in the contract, and which is therefore escalated to a higher authority.
Contract management*	The ongoing monitoring and management of the supplier's performance regarding the promised goods or services, as well as assuring compliance with all other terms and conditions of a contract, such as price and discounts. It includes managing the relationship between the supplier, the procuring unit, the requisitioner and/or the end user, feedback to the supplier regarding its performance, as well as dispute resolution, if necessary.
Contract modification*	Any written change in the terms of the contract. Contract modifications only become effective when executed by both parties.
Contracts and property committee (CPC)	HQCPC or LCPC are committees to review procurement processes, thus verifying whether procurement has been undertaken in accordance with established procedures and in line with the FRR. They recommend award or rejection to the appropriate PA.
Contractor*	Any party to a procurement contract with the organization. A contractor may take various forms, including an individual person, a company (whether privately or publicly held), a partnership or a government agency.
Cost estimate*	An approximate calculation of charges or costs to supply goods or services.
Currency	Cash in any form when in actual use as a medium of exchange.
Default*	A failure by a contracting party to meet one or more of its obligations under the contract.
Defects notification period (DNP)	The period between taking-over and the final completion of the works. The defects notification period is to enable time for any defects to be known and to notify the contractor to make good.
Delay damages for works	If the contractor fails to comply with the time for completion, as specified in the contract, and complete the works or a section within the time for completion, the contractor shall pay delay damages to UNOPS for this default. The delay damages shall be as stated in the schedule of detail at time of tender and should be paid for every day which shall elapse between the time for completion and the date the whole of the works or relevant section has been taken over as stated in the taking over certificate.

Delegation of authority (DOA)	The written statement of conditions, procedures, and terms that a delegate must follow in executing a delegated task.
Delivery	The transfer of title for a shipment through transfer of an original copy of the bill of lading to the consignee.
Delivery time*	The time taken to deliver goods from the date of contract to the time when the supplier makes the goods available to the buyer at the agreed place as per the delivery terms.
Design documents	Documents that provide background and detailed information for construction works. They describe the scope of works and include all requirements and information to carry out the works (technical specifications, drawings, Bills of Quantity, etc.)
Design Planning Manual	The UNOPS Infrastructure Project Design Planning Manual sets out guidelines, mandatory minimum standards, and performance recommendations and requirements for infrastructure design.
Direct contracting	Contracting without competition (sole source). The contract is negotiated directly with the supplier.
Disposal*	The process of removing something from a location, typically the removal of scrap, surplus, excess, obsolete and waste items from an organization's premises.
E-procurement*	Electronic procurement that occurs when the activities of the purchasing process are conducted electronically, typically over the Internet, to shorten the cycle time and lower the transaction costs of the acquisition process.
Employer	Entity that signs the works contract - UNOPS procurement authority.
Employer's representative	The person responsible for managing the contract on behalf of the employer, usually the UNOPS project manager
Employer's requirements	An outline or performance specification prepared by the employer.
End user	Ultimate beneficiary/user of the goods and services being procured during a procurement activity.
Exigency*	An exceptional, compelling, emergent need or situation of force majeure not resulting from poor planning or management or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons, if not addressed immediately.
Expression of interest (EOI)*	A response to a request for expression of interest expressing interest in participating in a solicitation.
FIDIC	International Federation of Consulting Engineers
Final completion	Indicates the end of the contractor's obligation or responsibility to UNOPS and the works.
Final completion certificate	Issue to the contractor by UNOPS (employer) certifying that the end of the contractor's obligation or responsibility to UNOPS or the works.
Fixed price*	A contract term which indicates that the price is set at a certain amount and is not subject to change unless the purchaser requests a change in specifications, delivery or term. Generally, a purchaser's request for a change to specifications, delivery or terms in a fixed price contract would only occur in response to an unexpected change in specifications or a critical circumstance that would impact the supplier's ability to fulfil the contract in accordance with the original terms.
Fixed price contract	A contract in which the contractor agrees to a fixed contract price, which in some cases is subject to cost escalation clauses.
Force majeure*	A contract provision under which major (and usually uncontrollable) events may excuse a party, in whole or in part, from the performance of its contractual obligations; e.g. fire, war, or severe weather. This is a standard clause in contracts of the organizations of the United Nations Common System.

Financial regulations and rules (FRR)	UNOPS Financial Regulations and Rules effective 1 February 2009 (Organizational Directive No 3 (OD 03))
Funding source	<p>a. A client that provides funds to UNOPS pursuant to a project agreement between UNOPS and that client;</p> <p>b. Where the funding source is not a client, the entity that provides funds to UNOPS with the written concurrence of a client pursuant to a signed project agreement between UNOPS and the funding source.</p>
General conditions of contract (GCC)*	The general conditions of contract (sometimes referred to as 'general terms and conditions') are a set of standard contractual provisions, which are incorporated into virtually every commercial contract that the UN, including its funds and programmes, concludes. The general conditions of contract cover a range of issues, including the contractor's status vis-à-vis the Organization, the use of sub-contractors, indemnification, intellectual property rights, use of the name, emblem or seal of the United Nations, termination and events of force majeure, dispute settlement, privileges and immunities, standards of conduct, and amendments.
(United Nations) Global Compact*	Voluntary international corporate citizenship network initiated by the Secretary General to support the participation of both the private sector and other social actors to advance responsible corporate citizenship and universal social and environmental principles to meet the challenges of globalization. It is based on 10 principles related to human rights, labour, environment and anti-corruption. See http://www.globalcompact.org for more information.
Goods	Objects of every kind and description including raw materials, products and equipment and objects in solid, liquid or gaseous form, and electricity, as well as services incidental to the supply of the goods if the value of those incidental services does not exceed that of the goods themselves.
Guarantee*	A promise or a pledge, i.e. something given or existing as security such as to fulfil a future engagement or a subsequent condition (e.g. bank guarantee). It can also be a provision in a contract by which one person promises to pay the obligation of another person in case that person fails to pay debts or perform a specific duty.
Incoterms*	Incoterms rules are standardized and widely-recognized trade terms, prepared by the International Chamber of Commerce (ICC), to be included in contracts for the sale of goods, providing standard contractual provisions that clarify the costs, risks and responsibilities of the parties to the contract, particularly in relation to the shipment and delivery of the goods from sellers to buyers. Refer to the ICC website (www.iccwbo.org) for information about these terms and their definitions which are copyrighted by the ICC.
Individual contractors	Personnel retained by UNOPS in their individual capacity to undertake a specific assignment.
Instrument of agreement	The document signed by the parties and forming part of the contract.
Intellectual property*	Creations or inventions of the mind, including, but not limited to, copyright (such as designs, artwork, software, data, original text, maps), trademarks (such as symbols and names) and patents (such as drug formulations, hardware).
Internal control	A process, directed by the Executive Board and carried out by UNOPS management and other personnel, designed to provide reasonable assurance regarding robust risk management and the achievement of objectives and goals, aimed at increasing the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations.
Inventory*	Any material, component or product that is held for use at a later time.
Invitation to bid (ITB)*	A formal method of solicitation where prospective suppliers are requested to submit a bid for the provision of goods or services. Normally used when the requirements are clearly and completely specified and the basis for award is lowest cost.

Invoice*	Supplier's demand for payment setting out the amount for payment by the buyer in respect of goods delivered or services rendered.
Lead time*	The time that elapses from placement of an order until receipt of the order for goods, services or works, including time for order transmittal, processing, preparation and shipping.
Lease	A contract whereby in return for a payment or series of payments the lessor conveys to the lessee the right to use an asset for an agreed period of time. There are two types of leases, namely, a finance lease, which transfers substantially all the risks and rewards incident to ownership of an asset while title may or may not be eventually transferred; and an operating lease, which is a lease other than a finance lease.
Legal obligation	An obligation that derives from: <ul style="list-style-type: none"> a. A contract (through its explicit or implicit terms); b. A legislation; c. Other operation of law.
Letter of intent*	A pre-contractual document, usually in the form of a letter and sometimes signed by both parties, used to express expectation of contract formation in the future and to ensure that certain basic agreements are clearly understood by both parties. When properly drafted, the LOI should create no binding obligation to either party.
Liability*	Any obligation incurred as a result of law, rule or agreement; being legally obliged and responsible; a debt or an obligation to another party.
Life cycle cost, whole life cost, total cost of ownership*	The sum of all recurring and one-time (non-recurring) costs over the full life span or specified period of a good, service, structure, or system. It includes purchase price, installation cost, operating costs, maintenance and upgrade costs and remaining residual or salvage value at the end of ownership or its useful life.
Liquidated damages*	A sum agreed upon during the formation of a contract which will be paid by the breaching party in the event of a defined breach of contract (such as non-performance or delay in delivery). The amount of liquidated damages must be arrived at in good faith and must be based on an estimate of the actual damage that will ensue from the breach.
Litigation	Lawsuit, legal action, including all proceedings therein. UNOPS is immune from legal action in courts. Disputes with contractors are resolved either by negotiation, conciliation or arbitration.
Logistics*	The process of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and related information from point of origin to point of consumption for the purpose of conforming to customer requirements.
Long-term agreement (LTA)*	A written agreement between an organization of the United Nations system and a supplier that is established for a defined period of time for specific goods or services at prescribed prices or pricing provisions and with no legal obligation to order any minimum or maximum quantity.
Market research*	The process of collecting and analysing information about capabilities within the market to satisfy the organization's needs, in order to identify suppliers, assist in the development of specifications, TORs and SOWs, ascertain pricing information, and obtain information on available technology.
Memorandum of Understanding (MoU)*	As used within the UN system, a Memorandum of Understanding is either: <ul style="list-style-type: none"> a. An informal agreement outlining the parties' expectations, commitment and longer-term goals in broader rather than specific terms or b. A legally binding contract, generally used when the contracting party is a non-commercial entity. The language of the MoU may determine whether it is legally binding on either party.
Net Present Value (NPV)	Compares the value of a dollar today to the value of that same dollar in the future, taking inflation and returns into account. If the NPV of a prospective project is positive, the investment adds value and it may be accepted. If it is negative, the project should be rejected.

Non-historical document	A document specifically related to a tender and one that the bidder could not be expected to possess before the solicitation document was issued; e.g. a bid security.
Offer/tender/submission*	A generic term for bids, quotations and proposals, received from a supplier in response to solicitation documents.
Organizational directive (OD)	Administrative instrument used to establish organization-wide policies that govern action within UNOPS and/or external relations.
Outsourcing*	The process of contracting out a business process, which an organization may have previously performed internally or which the organization deems necessary or important, to an independent company, supplier or contractor where the process is purchased as a service.
Performance security, performance bond*	A financial instrument that is intended to provide the UN with security against failure by a supplier to perform its obligations and serves as a source of compensation for a supplier's failure to fulfil the terms of a contract.
Personnel	All UNOPS staff members and other individuals engaged by UNOPS under specific contractual arrangements to perform services for UNOPS project activities or administrative support.
Policies and procedures	The principles and guidelines formulated or adopted by an organization to reach its long-term goals. They are designed to influence and determine all major decisions and actions, and all activities take place within the boundaries set by them. The policies and procedures may take the form of organizational directives, administrative instructions, standard operating procedures and other written documents.
Price escalation	The practice of having a mechanism to increase unit prices throughout the contract life that should reflect inflation, usually on large contracts in areas with significant inflation.
Procurement*	The acquisition through purchase or lease of real property, goods or other products (including intellectual property), works or services.
Procurement activities	Actions undertaken to carry out procurement.
Procurement authority	According to the method of defining delegations of procurement authority, the personnel holding the respective procurement authority is denominated 'the procurement authority' or the PA.
Procurement modalities	The forms, protocols, or conditions that regulate the conduct of procurement activities.
Procurement official	The UNOPS personnel responsible for carrying out any aspect of the procurement process.
Procurement plan	The work plan regulating the procurement activities.
Procurement review committee, review committee on contracts, or committee on contracts*	Committee established for the independent review of proposed contracts over certain thresholds. The review is conducted to verify that all procurement rules, policies and procedures are met, and that the organization's interests are properly protected.
Procurement reviewer	Previously procurement advisor, role as defined in Organizational Directive – UNOPS Global Structure (OD15); designated by the Director, PG: mandated to represent the practice as strategic business partners for regions and/or other practices; TOR can be found on the PG intranet.
Product	The use of the word 'product' in the context of this manual is used to cover goods, works, and services.
Project	Any undertaking by UNOPS on behalf of one or more of its clients in respect of which a separately identifiable project account (or accounts) has been established.
Project agreement	A legally binding document, together with any written amendments thereto, agreed between UNOPS and the client setting out the arrangements for services to a project and the budget for such services, including the UNOPS management fee.

Property, plant and equipment	Tangible assets: a. Held by UNOPS for use in the production or supply of goods or services, for rental to others, or for administrative purposes; b. Expected to be used during more than one reporting period.
Proposal*	An offer in response to a request for proposal.
Purchase order (PO)*	A type of contract that documents the purchase of goods and/or services.
Quotation*	An offer in response to a request for quotation. However, if it is in response to an enquiry, it is simply a statement of price and availability.
Request for expression of interest*	An advertisement to identify suppliers that wish to participate in a forthcoming solicitation (please see also 'expression of interest').
Request for information (RFI)*	An instrument to conduct a market survey in order to obtain information from the market that can be used to identify available or potential solutions for fulfilling identified needs which may include information on cost and delivery time.
Request for proposal (RFP)*	A formal method of solicitation where prospective suppliers are requested to submit a proposal for the provision of goods, works or services, based on the specifications, statement of work, or terms of reference included in the solicitation documents. Normally used in cases where the requirements are complex; cannot be clearly or completely specified, where detailed technical evaluations are to be performed, and/or where pricing or cost may not be the sole basis of award.
Request for quotation (RFQ)*	An informal method of solicitation whereby suppliers are requested to submit a quotation for the provision of goods or services. Normally used for standard, off-the-shelf items, where the value of the procurement falls below the established threshold for formal methods of solicitation.
Requisition*	A written or computerized request from an internal user/customer for the fulfilment or procurement of goods, services or works.
Requisitioner*	The person or personnel initiating a purchase requisition, i.e. a request for goods, works or services.
Residual value*	The value of an item which has served its functional purpose but retains some value as in trade-in or scrap.
Retention	The amount retained from each interim payment made to the contractor and held by UNOPS on trust to protect UNOPS against costs, charges, expenses and damages for which the contractor is liable to UNOPS under or in connection with the contract, e.g. as a result of defects appearing in the works.
Schedules	Describe the project specific and technical information to be incorporated prior to issuing the tender.
Sealed offer*	An offer which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission and opening of all offers.
Security instruments*	Financial instruments that are intended to provide the UN with security against expenses and losses that result from a failure by a supplier to perform its obligations. They are intended to ensure that funding is available to compensate the UN for such failure and are not intended as a punishment. The main security instruments are bid security and performance security. A security can take the form of bank guarantees, surety bonds, stand-by letters of credit, cheques on which a bank is primarily liable, and cash deposits.
Segregation of duties*	An internal control mechanism used to assure that no single individual or organizational unit given responsibility for more than one related function.

Services*	Work, duty or labour performed by a contractor pursuant to a contract. Rendering of services may involve the associated provision of utilities or facilities if specified in the terms of the contract. Typical examples of services include security, catering, cleaning, travel management, event management, IT services, training, freight forwarding, and consulting.
Sole source*	A procurement term employed when there is no competitive marketplace for the requirement, i.e. the product or service needed is available only from one source; also referred to as single source / direct contracting.
Solicitation*	Generic term for a request to suppliers to offer a bid, quotation or proposal.
Solicitation documents*	Documents issued to describe procurement requirements and to invite Suppliers to submit a bid, quotation or proposal.
Solicitation method	The method used to solicit offers from suppliers. ITB, RFP, RFQ, and shopping are methods of solicitation.
Sourcing*	The process of identifying suitable suppliers that could provide required products or services for the acquiring organization.
Specifications*	A description of the technical requirements for a material, product or service. Usually referring to the defined requirements for materials or products, but can also relate to the requirements for services (terms of reference).
Standardization*	The process of agreeing on a standard specification for a specific product or line of products. Usually conducted to achieve economies of scale, compatibility with other products, facilitation of operation, maintenance, and repair of already purchased goods, etc. Standardization could result in sole or limited source situations; this should be a consideration in the decision for standardization.
Statement of work (SOW)*	Requirement specifications for work assignments outlining the specific services a contractor is expected to perform, generally indicating the type, level and quality of service, as well as the time schedule required. Usually accompanied by a bill of quantities (BOQ) and/or drawings/designs – not used for procurement of works at UNOPS.
Stewardship*	The responsibility of an organization for managing the funds and resources entrusted to it by its member states and other donors in an ethical and transparent manner, and for the welfare and in the interest of the designated beneficiaries of the funds and resources entrusted.
Subcontractor*	A party that carries out work for a contractor as part of a larger project.
Supplier, vendor*	An entity that potentially or actually provides goods or other products (including intellectual property), services and/or works to the organization. A supplier may take various forms, including an individual person, a company (whether privately or publicly held), a partnership, a government agency or a non-governmental organization. While both terms may be used interchangeably, the preferred term at UNOPS is supplier.
Sustainable procurement*	Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.
Taking-over	When the whole of the works or the relevant section or part of the works are complete except for minor omissions and minor defects (substantial completion) and ready to be utilized by the end user At this point final responsibility for the works sits with UNOPS until final handover to the end user or client.
Taking-over certificate	Issued by UNOPS (the employer) to the contractor as a general requirement to certify that work or a section of the work can be utilized and occupied by the user.
Terms of reference (TOR)*	A description of the scope of work for services generally indicating the work to be performed, the level of quality and effort, the timeline and the deliverables.
Threshold	The minimum or maximum value (established for an attribute, characteristic, or parameter) which serves as a benchmark for comparison or guidance and any breach of which may call for a complete review of the situation or the redesign of a system.

Time for completion	The time for completing the works or a section, including if any approved extension of time by the employer's representative.
Transaction	An event that effects a change in the asset, liability, or net worth account.
Transparency*	A principle implying a process by which reliable, timely information about existing conditions, decisions and actions relating to the organization's activities is made accessible, visible and understandable.
United Nations Global Marketplace (UNGM)	Internet portal used by more than 25 United Nations agencies, including UNOPS. Includes, among other types of information, tender notices and an inter-agency vendor roster. See http://www.ungm.org for more information.
UNSPSC	The United Nations Standard Products and Services Code, coding system classifying products (goods, works and services).
UNCITRAL	United Nations Commission on International Trade Law.
Value	Monetary worth of an asset, goods sold or services rendered.
Variation	Any change to the works, which is instructed or approved by the employer's representative. Changes under UNOPS works contract not changing the original terms and condition of the contract. A variation of works does not necessarily have to vary the price or rime, but may do so.
Vendor*	See 'supplier'.
Warranty*	An assurance (expressed or implied) by the supplier that the material, product, or workmanship being sold is as represented or promised, e.g. free of defects, or will be repaired or replaced free of charge or according to conditions set out in the warranty.
Works	Works refers to all activities and services relating to the design, construction, reconstruction, demolition, repair or renovation of infrastructure, including technical consultancy services relating to works and the supply and installation of technologies such as solar power systems, elevators, etc.

Abbreviations

AI	Administrative instruction	PA	Procurement authority
BAFO	Best and final offer	PC	Project centre
BOQ	Bill of quantities	PO	Purchase order
BPA	Blanket purchase agreement	PR	Procurement reviewer
CPC	Contracts and property committee	RFI	Request for information
DED	Deputy executive director	RFP	Request for proposal
DNP	Defects notification period	RFQ	Request for quotation
DOA	Delegation of authority	SOW	Statement of work
ECPO	Executive chief procurement officer	PG	Procurement Group
ED	Executive director	TOR	Terms of reference
EOI	Expression of interest	UNGM	United Nations Global Marketplace
FRR	Financial regulations and rules	UNSPSC	United Nations Standard Products and Services Code
GCC	General conditions of contract	UNCITRAL	United Nations Commission on International Trade Law
HQ	Headquarters		
HQPC	Headquarters contracts and property committee		
ITB	Invitation to bid		
LCPC	Local contracts and property committee		
LOI	Letter of intent		
LG	Legal Group		
LTA	Long-term agreement		
MoU	Memorandum of understanding		
OC	Operations center		
OD	Organizational Directive		
OH	Operations Hub		

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