



Policy and Procedures for Regular Procurement

Revision 4
April 2015

POLICY AND PROCEDURES FOR REGULAR PROCUREMENT

PREFACE

Revision 4 of the Procurement Procedures is made to ensure that they are fully aligned with UNFPA Financial Regulations and Rules ([FRR](#)) - Revision 10.

Note:

- UNFPA procurement procedures take into account United Nations Procurement Reform considerations and the work conducted by the HLCM Procurement Network on procurement harmonization
- Many of the topics covered in these procedures are also covered by webinars in English, French and Spanish, available via the [Fusion platform](#).
- The Table of Contents of the Procurement Procedures follows the standard procurement cycle. For quick reference please click on the relevant section in the Table of Contents while holding the CTRL button, or simply press Enter after having selected your topic of interest. Both ways, you will be directed to the section of your preference.
- The Procurement Procedures constitute the body of knowledge. For the sake of user friendliness and easy access to information, this has been decomposed into a number of processes and sub-processes in the form of flow charts that allow for optimal access to core and non-core procurement knowledge, instructions, guidance, templates as well as the required inputs and outputs for each of the processes. Please note that many of the process flows have embedded links to templates or other process flows. You can easily recognize these links by color; blue shapes link to templates, green shapes link to other process flows, and yellow shapes link back to more detailed information within this Procurement Procedures document. To access the flowcharts for each of the procurement phases, click on the relevant link below.
- Some of the links in this document cannot be opened using Internet Explorer. It is therefore recommended to use another browser such as Firefox or Google Chrome.

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- The HLCM-UNDG Harmonized [Guidelines](#) for Common United Nations Procurement at country level are endorsed by the HLCM Procurement Network. UNFPA strongly supports their use in line with reform which calls for more efficiency and more collaborative activities between United Nations organizations. These guidelines facilitate interagency procurement efforts and provide practical guidance to simplify and extend cooperation in country offices. They support operations managers and procurement practitioners in identifying, developing and implementing procurement strategies for further cooperation in procurement among United Nations organizations. The harmonized guidelines provide step-by-step guidance and include a number of practical tools and templates to support the United Nations Country Teams in their common procurement efforts.

Comments and questions:

These procedures will be updated from time to time to ensure that they remain relevant to UNFPA activities and requirements, and up to date with best practices in public procurement. If you have comments or suggestions for improvement, please provide them through the [Supply Chain Community of Practice \(COP\)](#). Under the Management and Operations category there is a sub-category called Supply Chain. This is where knowledge can be shared and improvements to these procedures can be proposed. Instructions for subscribing and posting thread discussions can be found [here](#).

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1. INTRODUCTION

1.1 Purpose and application

1.1.1 Purpose

UNFPA, in its management of public funds, is expected to comply with its [Financial Regulations and Rules](#) and the principles of public procurement. UNFPA' clients and stakeholders expect the highest level of fairness, transparency, integrity, economy and effectiveness for all procurement activities. Indeed UNFPA services must be delivered with a high level of professionalism which justifies UNFPA involvement and adds value to all stakeholders.

1.1.2 Application

These Procurement Procedures apply to the acquisition, by purchase or lease, of property, including goods and services, as per UNFPA [Financial Regulation 15.1](#). Modalities under these Procurement Procedures shall not be used to select legal entities to provide programmatic services on behalf of UNFPA. Such activities shall be carried out by using programme modalities. For guidance on when to use programme or procurement modalities when selecting legal entities for provision of services, please refer to "[Guidance note Contracting Legal Entities to Provide Services](#)".

Emergencies:

Procurement undertaken in emergencies is governed by UNFPA's Fast Track Procedures ([Emergency Procurement Procedures](#)), which provide for an abbreviated procurement process. If a situation falls within the scope of the Emergency Procurement Procedures, including the definition of "emergency" contained therein, the procurement action is governed by the Emergency Procurement Procedures and not by the present Procurement Procedures. (Note however [section 15.4.1.6](#) in these Procurement Procedures on emergencies.)

Direct programme implementation:

Where UNFPA conducts direct implementation of programmes of assistance, UNFPA's regulations, rules and these Procurement Procedures apply to the procurement of property, including goods and services, irrespective of the funding source.

Implementation by a partner:

When UNFPA uses the services of an implementing partner to implement a UNFPA-assisted programme, the Implementing Partner will conduct procurement activities, if any, financed from funds contributed by UNFPA, applying its own regulations, rules and procedures relating to procurement (UNFPA [Financial Regulation 8.1](#)). However, where the Implementing Partner's regulations, rules or procedures are inadequate in the view of the UNFPA Field Office Manager (e.g. different procurement principles, similar procurement principles but procedures not supporting them, no proper segregation of duties), UNFPA will inform the Implementing Partner that the regulations, rules and procedures of UNFPA relating to procurement will apply (UNFPA [Financial Regulation 8.1](#)). For more information about working with implementing partners, click [here](#).

Alternatively, the procurement component can be transferred to UNFPA for implementation and should be recorded in Atlas as PU0074; in that case, the UNFPA [Financial Regulations and Rules](#) as well as these Procurement Procedures apply.

Restrictions with regards to the procurement of contraceptives and pharmaceuticals:

1. Procurement of contraceptives

The procurement of contraceptives can only be undertaken by UNFPA, i.e. implementing partners cannot be designated for the procurement of contraceptives. The reason for this is two-fold:

- a. UNFPA is recognized as the lead UN agency for procurement of contraceptive. As such, PSB has already established LTAs with contraceptive suppliers based on strict adherence to UNFPA procurement procedures.
- b. By channelling the procurement of all UNFPA contraceptive needs through PSB for implementation, the organization ensures that all contraceptives purchased with UNFPA funds meet the organization's quality assurance policy.

2. Procurement of pharmaceuticals and medical devices

It is highly recommended that the procurement of pharmaceutical items and medical devices related to reproductive health interventions is channelled through PSB for the same reason as stated under point 1. b) above. It is however permissible for implementing partners to procure these items under the condition that they do so in strict accordance with UNFPA's quality assurance policy. See [section 4.7.2.1](#) for further guidance.

Construction:

The selection of a construction contractor is a part of the procurement function. However, construction activity is inherently complex and risky, and is, therefore, rarely done by UNFPA.

- Construction for UNFPA administrative purposes: UNFPA's real estate management policies apply to real property management, including some aspects of construction, by UNFPA for UNFPA administrative purposes (see the specific scope of application of those policies: [Real Estate Management Policy](#) for country, regional, subregional, and liaison offices, and [HQ Real Estate, Building and Administrative Services Policy](#) for headquarters). Insofar as those policies and procedures are silent on aspects of procurement by UNFPA of construction works, the present Procurement Procedures shall *mutatis mutandis* apply to any construction for administrative purposes, including renovation, undertaken by UNFPA.
- Construction for programme purposes: UNFPA does not procure construction works for programme purposes but rather uses implementing partners to conduct procurement on UNFPA's behalf. Therefore, UNFPA does not maintain any detailed set of policies and procedures for programme related construction. Programme implementation construction policies and procedures are governed by the following guidelines:

Eligibility criteria for UNFPA to undertake programme procurement of construction or renovation works:

- Support to construction and renovation of existing buildings is limited to facilities directly providing reproductive health information and services. This includes warehouses when such warehouses are mainly to be used for the storage of reproductive health items. Indirect support for reproductive health facilities does not qualify for UNFPA funding (construction of roads, conference rooms, etc.). Support will only be provided for labour and materials to:
 - Build new structures, which are low-cost and on a small scale; and
 - Expand or renovate existing facilities.
- The land must be donated by the governments; no funds for purchase of land will be allocated.
- Support to construction work must be reviewed at the time of the country programme development and justified in the country programme document to be approved by the Executive Board.
- The maximum support to construction and renovation may not exceed 5% of the entire country programme regular resources or accumulative total of USD 1 million, whichever is less.

Approval process for programme procurement:

- Support to renovation of existing buildings, not including construction components, does not require special pre-approval; however, the procedures specified in [section](#)

[9](#) (Procurement Process Review and Decisions) apply before a contract can be awarded.

- Support to construction that has not already been approved in the country programme document requires prior approval by the Chief Procurement Official ¹ submitted by the regional office director before any binding commitments are made or work is initiated.

Risk mitigation for programme procurement:

- Due to UNFPA's limited expertise and capacity to undertake construction works, such works should not be directly managed by UNFPA but use another implementing partner (see below guidance note regarding procurement versus programme) that possesses the required expertise (see [section 14.3.2](#) for the selection of Implementing Partners). However, the UNFPA representative retains overall responsibility for successful implementation. The UNFPA representative is accountable for ensuring the successful implementation of the project by the implementing agency as well as effective monitoring and documentation (including comprehensive substantive and financial reporting) of the project. In the exceptional situation that the work is directly managed by UNFPA, the procedures specified in this document apply; in particular review by the relevant contract review committee is required above established thresholds (see [section 9](#), Procurement Process Review and Decisions).
- Implementing partners for construction and renovation projects must provide clear and explicit proof of their respective capacity, expertise, and experience in successfully undertaking similar projects.
- For construction works above USD 50,000 for programme purposes, UNFPA must retain an independent engineering consultant, charged to the project budget, prior to initiating any construction work (advice from FASB may be sought when preparing the terms of reference). There is no requirement for an independent engineering consultant if the implementing partner is a United Nations organization with recognized expertise in the area concerned. The responsibilities of this consultant will include:
 - Review all plans and visit the construction site prior to initiating work;
 - Submit a professional assessment of all aspects of the project to the UNFPA Head of Office. Any deficiencies or issues identified at this time

¹ Note that this prohibition relates to construction by UNFPA for programme purposes. However, this is distinguished from situations where UNFPA includes in its programme of assistance a programme-related construction component, to be implemented by the IP in accordance with IP's regulations and rules. While this, too, carries significant risks, this would be a programme decision unrelated to procurement policy determinations contained in these Procurement Procedures.

must be brought to the attention of the implementing agency so problems may be addressed before beginning construction;

- Ensure that the work is conducted in a timely and cost-efficient manner and to confirm that construction is implemented and completed in accordance with the statement of works, specifications and standards cited in the contract;
 - Monitor the project on UNFPA's behalf, provide reports concerning construction status and recommending release of payment.
- In certain circumstances, UNFPA may be required to make payment on behalf of an Implementing Partner. The UNFPA Field Office Manager is accountable for all such payments and should be satisfied that the appropriate criteria have been fulfilled before approving payments on behalf of the implementing partner, in particular, review the process conducted by the Implementing Partner and the documents submitted. If the processes and documents are found to be acceptable, payment can be processed using a non PO voucher. Review by a contract review committee is not required for payments on behalf of an Implementing Partner (see [section 9](#), Procurement Process Review and Decisions).

Individual consultants:

UNFPA [Financial Rule 115.1\(c\)](#) describes “individual consultants” as individuals “who provide professional services to UNFPA.” The retention of services from individual consultants is addressed in human resources policies and remains outside of the scope of application these Procurement Procedures. (This is strictly distinguished, however, from UNFPA’s procurement of services from corporate consultants, which fall within the scope of application of these Procurement Procedures.)

1.1.3 Definitions

The present Procurement Procedures are subject to the following definitions:

“**Atlas**” means UNFPA’s enterprise resource management system;

“**Atlas Business Unit**”, for the purpose of Atlas transactions in the "PO-" (Purchase Order), "AM-" (Asset Management), "AP-" (Accounts Payable) and "AR-" (Accounts Receivable) modules, means a country office or a regional office. (Note that each UNFPA country or regional office is defined by a unique business unit in Atlas.) An Atlas business unit always contains five characters: the first three characters are the 3-letter ISO abbreviation for the country in which the office is located and the following two characters define the UN Organization (e.g. "40" for "UNFPA").

The Business unit called "UNFPA" is a special construction for international transactions processed by PSB (or by decentralized COs). In practice, this means that whenever a country

office requires PSB to source a request to a PO, the country office has to enter the requisition in the "UNFPA" POBU (PO Business unit). By doing so, the country office allows the PSB buyer to pick up the requisition and process it into a PO.

“Atlas Department ID” means the department identification of the chart of account string in Atlas

“Award” is UNFPA’s decision to accept a supplier’s offer with the intention of contracting;

“BAFO” means best and final offer;

“Bidder” means a supplier submitting a bid, proposal or quotation;

“Chief, PSB” means Chief of UNFPA’s Procurement Services Branch;

“Construction” means the building of new real property or parts thereof;

“Contractor” means an entity providing goods, services or works to UNFPA or to a third-party designated by UNFPA in exchange for monetary consideration on the basis of a contract with UNFPA;

“CPO” means UNFPA’s Chief Procurement Official. The CPO exercises overall corporate oversight in respect of all UNFPA procurement and is accountable to the Executive Director for the procurement function of UNFPA at all its locations. By operation of UNFPA [Financial Rule 115.1 \(a\)](#), the Executive Director has delegated the function of CPO to the Deputy Executive Director (DED) External Relations, United Nations Affairs and Management (hereinafter referred to as DED(M));

“DMS” means UNFPA’s Division for Management Services;

“EoI” means Expressions of Interest;

“E-Procurement” means 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;

“Field Office” means any UNFPA non-Headquarters office owned or operated by UNFPA for official UNFPA business, such as a regional office, sub-regional office, country office or liaison office;

“Field Office Manager” means:

- o UNFPA Regional Director
- o UNFPA Sub-regional Office Director;
- o UNFPA Representative;
- o UNFPA Country Director;
- o UNDP Resident Representative/UNFPA Representative;

- o UNFPA Chief of Operation; and
- o Head of UNFPA Liaison Offices.

“force majeure” means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, or any other acts of a similar force or nature, provided that such acts arise from causes beyond the control and without the fault or negligence of the Party concerned;

“ICF” means the UNFPA Internal Control Framework;

“Implementing Partner” or “IP” means, for UNFPA programme activities, the entity to which the Executive Director has entrusted the implementation of UNFPA programme activities specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of UNFPA resources and the delivery of outputs as set forth in such programme documentation (UNFPA [Financial Regulation 2.1\(k\)](#));

“Individual Independent Contractor” means natural persons retained by UNFPA (or retained by another UN entity and assigned to provide services for UNFPA) on special services agreements, individual consultant contracts, service contracts or similar contracts;

“Legal Unit” means the Chief of UNFPA’s Legal Unit, OED, any Staff Member in the professional category assigned to the Legal Unit (*e.g.* Legal Specialist or Analyst), and persons to whom the Chief, Legal Unit, or the Executive Director have delegated authority or provided power of attorney to undertake activities assigned to the Legal Unit under this document.

“Local Procurement” means procurement undertaken by UNFPA field offices. Note, for the purpose of clarity, that the term “Local Procurement” does not mean solicitation exclusively from local suppliers as this would contravene the procurement principle of “international competition”;

“LTA” means long-term agreement;

“OAIS” means UNFPA’s Office of Audit and Investigation Services;

“Offer” means a supplier’s bid, proposal or quotation;

“Officer Holding Procurement Authority” or “Officer Holding PA” means the UNFPA Personnel holding delegated authority to take the specific procurement action in question on behalf of UNFPA;

“Personnel” means both Staff Members and Individual Independent Contractors.

“Procurement Action” refers to any action undertaken towards the acquisition, by purchase or lease, of property, goods, real property and services”. A Personnel’s Procurement Action must be covered by appropriate Procurement Authority to be lawfully taken;

“Procurement Authority” or **“PA”** means the delegated authority to take specific procurement actions on behalf of UNFPA;

“PO” means purchase order; Whenever the term “contract” is used in these procedures, it shall be considered as interchangeable with the term “PO”;

“Procurement Function” includes “all actions necessary for the acquisition, by purchase or lease, of property, including goods and services” as per UNFPA [Financial Regulation 15.1](#);

“Procurement Personnel” means any Personnel involved in the procurement process, regardless of the Personnel’s functional title;

“PSB” means UNFPA’s Procurement Services Branch;

“PSB Procurement” means procurement undertaken by the UNFPA Procurement Services Branch;

“Reverse Auction” means a type of auction in which the roles of buyer and seller are reversed. In an ordinary auction (also known as a forward auction), buyers compete to obtain a good or service by offering increasingly higher prices. In a reverse auction, the sellers compete to obtain business from the buyer and prices will typically decrease as the sellers undercut each other;

“Renovation” means alterations and rehabilitation works, related to real property;

“Staff Member” means a person who is appointed pursuant to the United Nations Staff Regulations, or loaned to UNFPA under the terms of the Inter-organization Agreement on Transfer, Secondment or Loan;

“Supplier” or **“Vendor”** means an entity that potentially or actually provides goods or other products (including intellectual property), services and/or works (construction services) to the organization. A supplier or vendor 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;

“Third Party Procurement” or **“TPP”** means procurement conducted by UNFPA, with no direct UNFPA programme component, at the request and on behalf of third parties (Governments, United Nations Specialized Agencies, intergovernmental organizations, non-governmental organizations, or United Nations entities, including funds, programmes, and subsidiary organs of the United Nations);

“United Nations Resident Coordinator” or **“RC”** is the highest United Nations official in a country. The resident coordinator is the designated representative of the UN Secretary-General and leader of United Nations Country Team of Agencies.

“USD” means United States Dollar.

“Vendor”: Please refer to “Supplier”

1.1.4 Principles

The present Procurement Procedures are subject to the following principles:

Currency of financial amounts:

All financial amounts refer to USD for simplicity. The United Nations operational rate of exchange which is in effect on the date when a transaction is carried out involving a currency other than USD shall be used whenever such transaction requires to be converted into USD for the purpose of being recorded in the UNFPA accounts (UNFPA [Financial Rule 113.3](#)).

Calculation of financial limits/thresholds:

All financial limits or thresholds referred to in these Procurement Procedures for determining the appropriate procurement authority for contract award shall be calculated as follows:

- (a) As individual amounts, unless:
- (b) The amounts in question relate to the Atlas Department ID (see definition in previous section), in which case they shall be calculated as an aggregate amount over the past 12 months reckoned from the time of the procurement action or proposed procurement action in question.

In the case of a threshold relating to contracts review, the aggregate count for the same Atlas Department ID resets to zero after review by the contracts review committee has been conducted and the award has been properly made.

Segregating financial amounts that should be calculated as aggregate amounts is prohibited.

1.2 Update and maintenance

These Procurement Procedures will be updated from time to time, in particular in the following situations:

- When existing [Financial Regulations and Rules](#) are revised;
- Further to lessons learnt while conducting procurement activities;
- Further to the work of the High Level Committee on Management (HLCM) Procurement Network related to harmonized United Nations procurement.

1.3 Regulatory framework

Personnel involved in carrying out procurement activities, including Third Party Procurement, must ensure compliance with all relevant policies and procedures outlined in all relevant documents.

In the case of any inconsistency or ambiguity among the documents, the following order shall prevail, as applicable:

- Article 100 and 101 of the [Charter of the United Nations](#)
- UNFPA [Financial Regulations](#) and United Nations Staff Regulations
- UNFPA [Financial Rules and United Nations Staff Rules](#)
- UNFPA Procurement Procedures and other relevant administrative policies of UNFPA.

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 to fulfill specific purposes. [A significant proportion of these funds are spent through procurement processes, for which there are many stakeholders, whether as taxpayers, suppliers or beneficiaries.] These stakeholders need to be assured that the funds are being utilized correctly and for the benefit of interest groups. There is therefore a requirement on the entrusted organization to ensure it upholds ethical values and it achieves value for money, efficiency as well as transparency and accountability. It is these expectations that form the basis of public procurement principles.

UNFPA [Financial Regulation 15.2](#) provide:

“The following general principles shall be given due consideration in carrying out the procurement functions of UNFPA:

- (a) Best value for money considering all relevant factors, including costs and benefits to UNFPA;
- (b) Fairness, integrity and transparency;
- (c) Open and effective international competition; and
- (d) The interest of UNFPA.”

By affording due consideration to these principles in the procurement process, UNFPA ensures effective and purposeful implementation of its activities by avoiding wastage of resources, producing the most appropriate solutions at all times, and addressing the needs of the organization and its clients.

1.4.1 Best value for money

Best value for money represents an optimal combination of technical and commercial (financial) attributes. That is, the balance between price and performance that provides greatest overall benefit under the specified selection criteria.

Best value for money can include non-cost factors such as fitness for purpose, quality, service and support, as well as cost related factors such as price, life-cycle costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods or services.

This does not necessarily mean selecting the lowest initial price option, but rather represents the best return on the investment, following a proper evaluation of offers under appropriate specifications or terms of reference and criteria contained in the solicitation documents. It requires an integrated assessment of technical, commercial, organizational, and pricing factors in light of their relative importance. Social, environmental, and strategic objectives defined in the legal agreement with the client may also need to be taken into account.

The principle of best value for money is applied throughout the procurement process in order to attract the offer that most effectively meets the stated requirements of the end user.

In order to obtain best value for money, one should:

- 1) maximize competition;
- 2) simplify the tender process while minimizing financial risk factors for UNFPA;
- 3) carefully establish appropriate evaluation criteria (in order to select the offer with the highest expectation to meet UNFPA's or its client's needs, in accordance with appropriate evaluation parameters set in the tender documents);
- 4) consider all costs (including those other than the direct ones; e.g. life cycle costs, maintenance costs, sustainable procurement considerations);
- 5) ensure impartial and comprehensive evaluation of offers in a timely manner, and
- 6) 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

The manner in which the procurement process is carried out must give all internal and external stakeholders of the organization the assurance that the process is **fair**. The concept of fairness includes that the procurement process should be free from favouritism, self-interest, or preference in judgment.

Another important principle necessary to guarantee best value for money is **integrity**. This relates, *inter alia*, to soundness of moral character, having sense of honesty and truthfulness in regard to the motivations for personal and organizational behaviour, adherence to commonly accepted moral and ethical principles, impartiality and incorruptibility, and avoiding any behaviour that may be construed as 'sharp practice'.

The assurance of a fair process can be given to all interested parties through **transparency**, which refers, *inter alia*, to the process by which reliable, timely information about existing conditions, decisions and actions relating to UNFPA activities is made accessible, visible and understandable. The concept of transparency includes the unimpeded visibility and openness in all transactions. It ensures that all information on procurement policies, procedures, opportunities and processes are clearly defined and made known simultaneously to all interested parties.

A transparent system has clear rules and mechanisms to ensure compliance with those rules (including unbiased specifications, objective evaluation criteria, standard solicitation documents, equal information to all parties and confidentiality of offers). A transparent system of procurement further includes that procurement records are open, as appropriate, for inspection by oversight bodies; unsuccessful suppliers may be briefed on the strengths and weaknesses of their own offers; relevant contract award information is disclosed publicly.

1.4.3 Open and effective international competition

Effective competition is best explained as a situation in which at least three independent bidders acting on their own (*i.e.* not in collusion with each-other) effectively compete for the same business opportunity and each submit a responsive bid. UNFPA fosters effective competition in all procurement processes as a means of ensuring fairness, integrity, transparency and achieving best value for money. Such competition is often referred to as the heart of public procurement.

UNFPA [Financial Rule 115.3](#) states:

“Consistent with the provisions contained in Regulation 15.2, above, and except as otherwise provided in Rule 115.5 below, procurement contracts shall be awarded on the basis of effective competition, and to this end, the competitive process shall, as necessary, include:

- (a) acquisition planning for developing an overall procurement strategy and procurement methodologies;
- (b) market research for identifying potential suppliers;
- (c) consideration of prudent commercial practices; and
- (d) formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers; or informal methods of solicitation, such as requests for quotations. The CPO shall issue policies and procedures concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.”

Open and effective competition has to do with “right time, right quality, and right prices”, meaning:

- (a) adequate notification must be given to the entire supplier community to ensure that there is sufficient time to participate in the procurement processes.
- (b) no restriction to limit competition through over-specification (e.g. inclusion of unjustified or unrealistic requirements in specifications and/or terms of reference), or under-specification (e.g. omission of essential information in the specifications and/or terms of reference).
- (c) economy of scale through selection of relevant procurement strategies to take advantage of grouping of quantities, volume effect, etc. in order to ensure price effectiveness and reduction of administrative costs.

In view of the above, deliberately conducting multiple tender processes (see [section 6.3](#)) or splitting requisitions (see [section 4.4](#)) in order to circumvent established rules and procedures,

including but not limited to contracts committee review (see [section 2.5.1](#)), go against, *inter alia*, the procurement principle of open and effective international competition and increase UNFPA transactional costs. Therefore, such actions result in the mismanagement of public funds and wastage of resources, and, when identified, may lead to disciplinary actions.

1.4.4 The interest of UNFPA

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

To a large extent the other three principles underpin this overarching principle, but the latter principle also includes concepts such as maintaining the highest 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 UNFPA procurement activities.

1.5 Ethical standards

1.5.1 General considerations

Ethics is the discipline relating to right and wrong, moral duty and obligation, moral principles and values, and to moral character. Most procurement related principles, such as fairness, integrity, transparency and accountability are based on ethics.

Given that UNFPA 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 location of the organization as well as all individuals acting on behalf of UNFPA must observe the highest standards of ethics throughout the procurement process.

Corruption and fraud in the operations of international organizations depletes funds intended for the accomplishment of defined goals. Corruption and fraud can undermine the effective functioning of international organizations and jeopardize their existence. Fraud also has a multiplier effect on diminishing the GDP of a country by the illegal transfer and misappropriation of funds more often designated for lower income individuals.

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

Professional standards of ethical conduct of Staff Members are stated in [Articles 100 and 101](#) of the [Charter of the United Nations](#), the United Nations Staff Regulations and Rules, the [UNFPA Financial Regulations and Rules](#), and in the [Standards of Conduct for the International Civil](#)

[Service](#). Further, each individual Staff Member through the Oath of Office agrees to regulate the personal conduct “with the interest of the United Nations only in view”.

All Procurement Personnel are responsible for the propriety and compliance of actions taken by them in relation to procurement, and may be held responsible and liable in accordance with these Procurement Procedures, and in the case of Staff Members, the UNFPA [Financial Regulations and Rules](#) and the [United Nations Staff Regulations and Staff Rules](#), and, further, in the case of Individual Independent Contractors, the terms of their contracts.

Ethical conduct is an ongoing process of self-regulation and reflection at every stage of the procurement process. It is not possible to specify in writing everything that UNFPA Personnel need to know regarding what is allowed and what is prohibited. Therefore, UNFPA 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. Procurement Personnel must be guided by what the rule is intended to accomplish.

More information on ethical issues can be found on the [Ethics Office website](#).

1.5.2 Financial disclosure and declaration of interest

UNFPA has adopted a policy on financial disclosure and declaration of interest, which is applicable to certain categories of UNFPA Staff Members. Such categories of Staff Members include Staff Members involved in procurement. UNFPA Staff Members must comply with the UNFPA [Policy on financial disclosure and declaration of interest](#) which implements Staff Regulations 1.2 (m) and (n) and Staff Rules 1.2 (p) and (q) as reflected in General Assembly resolution 63/271 of 7 April 2009.

Furthermore, Staff Rule 1.2(p) provides:

“A staff member who has occasion to deal in his/her official capacity with any matter involving a profit-making business or other concern, including a concern in which s/he or she holds a financial interest, directly or indirectly, shall disclose that interest to the Secretary-General and, except as otherwise authorized by the Secretary-General, either dispose of that financial interest or formally excuse himself or herself from participating with regard to any involvement in that matter which might give rise to the conflict of interest situation.”

Therefore, Staff Members with any direct or indirect interest in a procurement action under their consideration that gives rise to a possible conflict must disclose the situation in writing to the Field Office Manager and refrain from becoming involved in or impacting the procurement process, including its outcome. The Staff Members concerned may seek guidance from the UNFPA Ethics Advisor and the Chief, PSB.

1.5.3 Ethics in dealing with suppliers

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

Nothing should prevent suppliers from competing for UNFPA business on a fair, equitable and transparent basis. Therefore, Procurement Personnel are responsible for protecting the integrity of the procurement process and maintaining fairness in UNFPA's treatment of all suppliers.

All Procurement Personnel must ensure that they, *inter alia*, abide by the following standards of conduct:

- 1) During the pre-solicitation phase, no one must allow suppliers access to specific, privileged information on a particular acquisition before such information is available to the business community at large;
- 2) During the solicitation phase, all suppliers must receive identical information. Any clarifications to the solicitation documents must be provided at the same time, in writing, to all suppliers;
- 3) Specifications should be linked to function and to performance as much as possible. Conformance specifications (for an explanation of this terms see further below in this document) must only be used when necessary. They must not include conditions limiting competition (e.g. branding unless required for standardization purposes) nor be unnecessarily restrictive, as this may discourage competition;
- 4) Individuals having a personal or financial interest, directly or indirectly, in a supplier responding to a solicitation are prohibited from any involvement in the procurement process;
- 5) During the evaluation, the evaluation criteria specified in the solicitation documents must be applied in the same manner for each evaluated offer. Under no circumstances shall new evaluation criteria not mentioned in the solicitation documents be introduced during the evaluation process;
- 6) Personnel shall not solicit or accept, directly or indirectly, any promise of future employment from anyone who has sought or is seeking to obtain UNFPA business,
- 7) Personnel shall not disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information.

A conflict of interest occurs, *inter alia*, when a Personnel's private interests, such as outside professional relationships or personal financial assets, interfere or appear to interfere with the proper performance of his/her professional functions or obligations. 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 UNFPA, employment after separation from UNFPA service or the receipt of a gift that may place the Procurement Personnel in a position of obligation. A conflict of interest also includes the use of UNFPA assets, including human, financial and material assets, or the use of UNFPA office or knowledge gained from official functions for private gain or to prejudice the position of

someone the Procurement Personnel does not favour. A conflict of interest may also arise in situations where the Personnel is seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone they favour, to benefit from the Personnel's decisions.

1.5.4 Gifts, hospitality and outside activities

UNFPA has adopted a zero tolerance policy on gifts and therefore, it is of overriding importance that Procurement Personnel should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment of an individual or entity by accepting offers of gifts, hospitality or other similar favours. Personnel should at all time behave in a way that upholds the values, integrity and good reputation of UNFPA and that never gives the impression of impropriety.

UNFPA Personnel must abide by the UNFPA policy on [Outside Activities and/or Honors, Decorations, Favors, Gifts, Awards, Remuneration from Outside Parties](#).

Because of UNFPA's zero tolerance policy on acceptance of gifts and hospitality, Procurement Personnel are prohibited from accepting any gift including drinks, meals, tickets, hospitality, transportation, or any other form of benefits, even if it is in connection with an official working visit, from any person who would not have made the gift or provided hospitality if the Personnel had not been working for UNFPA, regardless of the value and of whether the outside source is or is not soliciting business with UNFPA.

Exceptions to this rule are invitations to lunches, dinners, receptions, etc. from governments, donors, or other United Nations Organizations that may be accepted when such invitations are part of the Personnel's official functions.

All items received from vendors, even of nominal value, shall be returned to the vendor ([standard letter form](#)) except where this is not economical for UNFPA in which case items shall be disposed of (e.g. through auctioned or raffled publicly and the proceeds of sale /raffle donated to charity). The vendor shall be informed that the item has been disposed of.

1.5.5 Proscribed Practices by Suppliers

The "[United Nations Supplier Code of Conduct](#)" promulgated by the United Nations Procurement Division in May 2007, or as revised thereafter, is fully endorsed by UNFPA. UNFPA expects that all suppliers who wish to do business with UNFPA will embrace this code of conduct.

UNFPA will communicate to suppliers during the registration phase, in the bidding documents and in the contract documents that all UNFPA suppliers shall adhere to the highest ethical standards, both during the bidding process and throughout the execution of a contract.

Any of the following Supplier practices constitute a proscribed practice:

- 1) **“Corrupt practice”** means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

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- 2) **“Fraudulent practice”** means any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation;
- 3) **“Collusive practice”** means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
- 4) **“Coercive practice”** means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- 5) **“Obstructive practice”** means acts intended to materially impede the exercise of UNFPA’s contractual rights of audit, investigation and access to information, including destruction, falsification, alteration or concealment of evidence material to a UNFPA investigation into allegations of fraud and corruption.
- 6) **“Unethical practice”** means conduct or behavior that is contrary to Staff or Supplier codes of conduct, such as those relating to conflict of interest, gifts, hospitality, post-employment provisions, abuse of authority and harassment.

UNFPA will:

- 1) Reject a proposal to award a contract if the Chief, PSB determines that a supplier recommended for award has engaged in dishonest practices in conducting business with UNFPA;
- 2) Declare a supplier ineligible, either indefinitely or for a stated period of time, to be a UNFPA registered supplier if the Chief, PSB at any time determines that the supplier has engaged in dishonest practices in competing for or in executing a UNFPA contract;
- 3) Cancel or terminate a contract if the Chief, PSB determines that a supplier has engaged in dishonest practices in competing for or in executing a UNFPA contract.
- 4) Refer the matter to national authorities through the Legal Unit.

Determinations by the Chief, PSB pursuant to paragraphs 1) to 4) above will be made following consultation with the UNFPA Legal Unit, as appropriate. All Personnel who have reasonable grounds to suspect that a supplier has engaged in dishonest practices shall promptly report that information to the Director OAIS and to the Chief, PSB. The Chief, PSB shall keep such information confidential.

UNFPA reserves the rights to require a UNFPA supplier to allow UNFPA, or any person that UNFPA may designate, to inspect or carry out audits of the supplier’s accounting records and financial statements in connection with the contract, as provided for under the terms of the relevant procurement contract.

1.5.6 Fraud prevention in the procurement process

UNFPA is committed to prevent any fraudulent activities. To that effect, internal controls and procedures are in place to mitigate risks as explained in the rest of this document (segregation of duties, bid protest mechanism, etc.). Furthermore an [investigation hotline](#) has been created for anyone to be able to report suspected fraud. Reference to this fraud hotline shall be made by the UNFPA buyer when requesting goods and services from the market, so suppliers are aware of its existence. UNFPA buyers should include a reference to the fraud hotline in the solicitation document.

1.6 UNFPA-specific topics

There are no additional ethical topics specifically related to UNFPA operations.

2. ORGANIZATION OF PROCUREMENT

2.1 Overview of procurement process

2.1.1 Outline of the Procurement process

The UNFPA Procurement Procedures follow the nine steps in a typical procurement cycle:

1. Procurement planning;
2. Pre-solicitation;
3. Solicitation method selection;
4. Solicitation process;
5. Evaluation;
6. Award of contract;
7. Contracting;
8. Logistics;
9. Contract Administration / Performance Measurement.

The following chapters detail the associated procurement activities in conjunction with norms of public procurement and United Nations/UNFPA rules. These steps are important to ensure that the general procurement principles described in [section 1.4](#) are adhered to.

For clarification or guidance on these procedures, please contact [PSB](#). In addition, the [Standards of Conduct for the International Civil Service](#) applies to people conducting United Nations procurement.

2.1.2 Types of Procurement

UNFPA distinguishes between three types of procurement:

- a. **Local** procurement. Field Office Managers (see [section 1.1.3](#)) are encouraged to carry out local procurement to the extent possible, subject to all necessary Headquarters' authorizations and procedures, and remaining within the limits of applicable delegated Procurement Authority;
- b. **PSB** procurement; and
- c. **Third party** Procurement.

2.1.3 Documentation of the procurement process

In line with the procurement principles of transparency and accountability, and in order to facilitate internal and external audits of UNFPA operations, every step in the procurement process shall be documented and kept on file (preferably electronically but also in hard copy when no e-filing system is available). Please see: [Guideline for filing](#). Files must be kept for the minimum period as specified in the UNFPA [Retention Policy](#).

Procurement files include all relevant documentation, including the following duly filled/signed documentation:

- Approved 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 of vendors (if applicable);
- Signed solicitation document, including attachments such as specifications/Terms of Reference (TOR) and proof of issuance (copies of cover letters, copies of emails, fax receipts, etc.);
- Amendments to solicitation documents (including Procurement Authority approval of amendments), and any other clarifications and correspondence with suppliers;
- Copy of bid receipt report;
- Bid opening report;
- All offers received (technical and commercial (financial));
- Copies of any bid security received from the supplier (the originals to be kept in a safe place);
- Evaluation report;
- Minutes of clarifications (if any) and relevant communication with supplier;
- Request for award, or submission to local or Headquarters Contracts Review Committee (CRC);
- Minutes of the CRC;
- Original contract/Purchase Order (PO);
- Copies of any advance payment guarantee or performance security (if any) received from the supplier (the originals to be kept in the safe);
- Bid protests;
- Correspondence with contractor;
- Notes from meetings, phone calls etc.;
- Amendments to contracts/Purchase Orders;
- Any required progress reports and/or other proof of delivery of milestones as provided for in the contract;
- “Earmarked Goods Custody Form” or “Inventory Receipt Form” as applicable (as defined in the [Inventory Management Policy](#));
- Receipt and inspection report;
- Acceptance report from requisitioner/end user;
- Certificate of substantial completion;
- Certificate of final completion;
- Insurance claims;
- Proof of payment,
- Supplier evaluation report.

2.2 Responsibilities of organizational units

PSB is responsible of the following specific activities:

- Put in place corporate LTAs for core reproductive health commodities used by the various country programmes and by third party clients;
- Put in place corporate LTAs for goods and services used by the various Headquarters business units;
- Put in place and maintain a corporate quality assurance policy for core reproductive health commodities,
- Conduct tender solicitations for Third Party Procurement activities.

Other business units (*e.g.* field offices) are entitled to conduct procurement activities without limitation of value, provided that such procurement activities do not relate to contraceptives and that the required approvals, reviews and clearances have been obtained. Please see [section 4.7](#) UNFPA-specific topics for further details.

PSB normally conducts procurement of required equipment, supplies, and institutional or corporate services upon request by any unit located within UNFPA Headquarters in New York. However, approval may be delegated by the Chief, PSB to organizational units for procuring a specified range of low-value items for the unit's operation (for requirements for a proprietary service or of a highly specialized or technical nature, the requesting unit should provide the names of contractors capable of performing the required service. The requesting unit must liaise with PSB to establish criteria used in conducting and evaluating bids). Requests for stocked office supplies are made through Integrated [Service Desk](#), indicating the type and quantity of the items needed, the requesting division, and any urgency as per the [Headquarters Real Estate, Building and Administrative Services policy](#).

2.3 Organization and function of procurement department

PSB is a Headquarters business unit located in Denmark and headed by the Chief, PSB who reports directly to the CPO.

2.4 Procurement Authority

In accordance with UNFPA [Financial Rule 115.1](#), the CPO is vested with full Procurement Authority for UNFPA.

2.5 Modification of individual Procurement Authority

2.5.1 Delegation of Procurement Authority

Under the terms of UNFPA [Financial Rule 115.1](#), the CPO may further delegate Procurement Authority to Staff Members at Headquarters and field offices, as may be appropriate in fulfilling the purposes of the Financial Rules. For ease of reference, delegation of Procurement Authority from the CPO to subordinate officers is explained under the following three categories:

- Delegation of Procurement Authority to UNFPA officers at Headquarters ([section 2.5.1.1](#));
- Delegation of Procurement Authority to Field Office Managers ([section 2.5.1.2](#)),

- Delegation of Procurement Authority under the UNFPA [Internal Control Framework \(section 2.5.1.3\)](#).

The thresholds specified in Tables 1 and 2 below do not apply to situations of cooperation with United Nations entities as described in sections [14.1.4](#) and [14.1.5](#).

2.5.1.1 Delegation of Procurement Authority to UNFPA officers at Headquarters

The CPO herewith delegates Procurement Authority to:

- the Chief, PSB;
- Staff Members serving in PSB who are appointed in the professional and higher category.
- Staff Members serving in New-York Headquarters (HQ) who are appointed in the professional and higher category.

The limitations of Procurement Authority so delegated are:

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ACTIVITY	Chief, PSB: Up to but not including USD	Professional Procurement Staff Members in PSB: Up to but not including USD	Professional Staff Members in New York HQ: Up to but not including USD
Approve short lists, requests for EoI and for pre-qualification, and solicitation documents (including amendments thereof)	Unlimited	Unlimited	50,000
Award further to the use of formal methods of solicitation	200,000	50,000 ²	10,000
Award further to an exception to the use of formal methods of solicitation	100,000	50,000 ³	10,000
Award contract amendments	100,000 or up to 20% of contract amount previously recommended by a contracts review committee, whichever is less;	50,000 or up to 20% of contract amount previously recommended by a contracts review committee, whichever is less;	0
Approve retroactive/post-facto cases	100,000	0	0

² This threshold for award of contract applies to procurement practitioners in the professional Staff category provided that they hold financial approval level 2 or above in Atlas

³ This threshold for award of contract applies to procurement practitioners in the professional Staff category provided that they hold financial approval level 2 or above in Atlas

Table 1: Delegated PA at Headquarters

2.5.1.2 Delegation of Procurement Authority to Field Office Managers

The CPO herewith delegates Procurement Authority to Field Office Managers. The limitations of specific Procurement Authority so delegated are:

ACTIVITY	Up to but not including USD (*)
Approve short lists, requests for EoI and for pre-qualification, and solicitation documents (including amendments thereof)	Unlimited (**)
Award further to the use of formal methods of solicitation	100,000 (L-CRC review required above USD 50,000, see section 9.4.1)
Award further to an exception to the use of formal methods of solicitation	50,000
Award contract amendments	50,000 or up to 20% of contract amount previously recommended by a contracts review committee; whichever is less;
Approve retroactive/post-facto cases	100,000 (L-CRC review required above USD 50,000, see section 9.4.1)

Table 2: Delegated PA at field/regional level

(*) The CPO may decide to increase these amounts, in writing, with respect to individual Field Office Managers. Any such increase in the delegation of Procurement Authority may be revoked at any time, at the sole discretion of the CPO.

(**) The documents related to a solicitation of a value exceeding USD 100,000 must be pre-cleared by a procurement specialist / associate at PSB or by any other procurement specialist outside PSB appointed by the Chief, PSB with the approval of the Field Office Manager.

The CPO herewith authorizes Field Office Managers to sub-delegate the Procurement Authority they have been delegated under this paragraph to individual Staff Members serving under their authority, subject to the following:

- (a) In the interest of clarity, it is emphasized that the sub-delegation of authority may solely extend to such Procurement Authority the Field Office Manager is delegated under this paragraph. It may not exceed such Procurement Authority or extend to other Procurement Authority, such as, for example, authority that may solely be assigned under the provisions of the UNFPA [ICF](#) (including any authority relating to the ICF functions such as "Managers Level 1", "Managers Level 2", or "Senior Manager Level");
- (b) Sub-delegation of authority must be made in writing by using the [Delegation of Authority form](#);

- (c) Sub-delegation of authority is to be made to the individual Staff Member concerned. It must not be made to a class of Staff Members (*e.g.* to “all Staff Members at level NO-B in the country office”; to “all Admin/Finance Officers in the country office”).

2.5.1.3 Delegation of Procurement Authority under the terms of the UNFPA Internal Control Framework

The CPO further delegates specific Procurement Authority under the terms of the [ICF](#). The ICF includes the procedures for the assignment of functional roles in Atlas, including authorities to raise and approve requisitions, raise and approve purchase orders, and verify receipt and inspect goods and services. For details, please refer to the ICF. Should there be an inconsistency between a Staff Member’s assigned functional role in Atlas and the limitations of authority stipulated in the “Delegation of Authority form”, the activities set-out in the “Delegation of Authority form” shall take precedence.

2.5.1.4 Withdrawal of delegation of Procurement Authority

The CPO reserves the right to withdraw any Procurement Authority delegated under sections 2.5.1.1 to 3.

2.6 UNFPA-specific topics

There are no additional organization of procurement topics specifically related to UNFPA operations.

3. SUPPLIER REGISTRATION AND MANAGEMENT

3.1 Supplier registration

In order to ensure that UNFPA conducts business with suppliers who adhere to the highest ethical standards, reviews are undertaken for all suppliers prior to registration in the United Nations Global Marketplace (UNGM) database (see www.ungm.org or the [UNGM Interactive Guide](#)).

The UNGM is the procurement portal of the United Nations system. It brings together United Nations Procurement Personnel and the supplier community. The UNGM acts as a single window, through which suppliers may register with the United Nations Agencies, including UNFPA, using the UNGM as their supplier roster.

All UNFPA Personnel may register as users and have access to the UNGM database of potential vendors registered with United Nations Agencies. UNGM offers updated data on companies including contact details, financial information, export volume, previous United Nations experience and registered products/services.

All supplier information from firms expressing a specific interest in doing business with UNFPA when registering with UNGM is reviewed for completeness and relevance by PSB. Suppliers applying to be registered with UNGM on the UNGM procurement portal must meet a number of mandatory eligibility criteria. However, it still remains the responsibility of the relevant Procurement Personnel to conduct separately a proper and thorough assessment of supplier qualification as part of any bid evaluation process.

The UNGM also facilitates the interchange of information within the United Nations system: Tools on sustainable procurement, United Nations procurement training and certifications and other procurement professionalization information are made available to all United Nations Personnel through the knowledge center on www.ungm.org.

The UNGM also enables suppliers to keep abreast of upcoming tender notices, as well as receiving tender notices per email by subscribing to the tender alert service. Tender notices posted on UNGM are thus emailed on a daily basis to subscribers ensuring improved dissemination of tender notices advertised on UNGM.

In order to maximize economy and efficiency, UNFPA will continually strive to identify new technically and financially sound suppliers. In particular, UNFPA shall actively work to increase its sources of supply from developing countries, and from rapidly growing emerging markets. The UNCTAD definition of developing countries (see www.unctad.org) should be used for this purpose.

In order to enhance the efficiency and transparency of UNFPA procurement actions, a roster of potential suppliers may be kept by Procurement Personnel in order to facilitate the identification of qualified suppliers to be invited to compete. Both UNGM and local databases can be used to capture data on local and corporate suppliers.

UNGM has implemented a local vendor rosters functionality that allows any UNFPA location to maintain rosters of local suppliers. UNFPA locations are able to exercise complete autonomy over their own local vendor rosters by adding local vendors in UNGM, accept or reject supplier applications and maintain their rosters, save for the obligation to respect supplier eligibility criteria specified by UNFPA for UNGM registration of vendors. The functionality enables the bulk up-loading of existing rosters. For further information on how to use this functionality, please contact the UNGM Team at registry@ungm.org who will be able to provide training and instructions on how to use local vendor rosters.

Vendors registered in UNGM are not prequalified UNFPA vendors but rather vendors that meet a number of minimum requirements in order to do business with UNFPA.

3.2 Supplier management

3.2.1 Supplier Appraisal

Before entering into a contract with a supplier, UNFPA must ensure that the supplier is eligible for the award of UNFPA business and has the capacity to perform the contract satisfactorily. This is usually achieved by appraising a number of technical and commercial (financial) qualification requirements. See [section 5](#) Sourcing and [section 8.3](#) Evaluation criteria, for more details.

3.2.2. Contractor Evaluation

To promote economical and efficient procurement, the performance of contractors should be evaluated on an ongoing basis. Please refer to [section 13.2](#) Contractor Performance Evaluation for more details.

Contractor evaluation is done after a UNFPA contract has been executed by the vendor (whereas supplier appraisal happens before a contract is signed with the supplier). Both supplier appraisal and contractor evaluation are required for the purpose of strategic sourcing.

3.3 Vendor ineligibility

Suppliers falling in any of the following categories are ineligible for the award of UNFPA business:

- (1) Vendors suspended or removed by the United Nations Procurement Division:
UNFPA subscribes to the suspended or removed vendor list of the United Nations Procurement Division. Vendors that have been suspended or removed by the United Nations Procurement Division are ineligible to do business with UNFPA. The Chief, PSB

may authorize an exception in any particular case. The exception will apply solely to the case at hand and does not reinstate a suspended or removed contractor for cases other than the case at issue.

(2) Vendors declared ineligible by other organizations of the United Nations:

UNFPA adheres to decisions made by other organizations of the United Nations on the ineligibility of vendors for business with that organization of the United Nations if such ineligibility has been disclosed in UNGM. Vendors that have been declared ineligible for business by another organization of the United Nations are ineligible to do business with UNFPA. The Chief, PSB may authorize an exception in any particular case. The exception will apply solely to the case at hand and does not reinstate a suspended or removed contractor for cases other than the case at issue.

(3) 1267 list:

Persons or entities included on the list of individuals and entities associated with Al-Qaida and/or the Taliban, which is maintained pursuant to United Nations Security Council Resolution 1267, are ineligible to do business with UNFPA. No exceptions are permitted.

In the event that it is identified that an entity might be listed in the 1267 list, the following procedure must be followed:

- The requisitioning unit should approach the [1267/1989 Committee](#) (SC-1267-Committee@un.org) and share all information related to the suspected entity;
- The 1267/1989 Committee will check with the relevant Member State whether the entity under investigation indeed appears on the 1267 list;
- Until a final confirmation has been received, no order should be issued to the entity under investigation.

(4) World Bank listing of ineligible vendors:

UNFPA may provide procurement services to governments with funds they obtained from the International Development Association or the International Bank for Reconstruction and Development. In such cases, a standard form of agreement must be signed between UNFPA and the recipient Government. The standard form of agreement prohibits placing any purchase order to any supplier included in the [World Bank Listing of Ineligible Firms](#) and the [World Bank Corporate Procurement Listing of Non-Responsible Vendors](#) without informing the Government and the Bank in writing, and obtaining in advance a written authorization from the Bank. Any such written authorization must be sought through the Chief, PSB.

Procurement Personnel, including but not limited to the Officer Holding Procurement Authority to approve the Purchase Order, must ensure that no entity falling into the above categories (i) is invited to apply for UNFPA business or (ii) is granted an award. Please refer to the [UNGM Ineligible Vendor List](#) tool, which allows users to search for a company by name and determine if they are included on any of these lists.”

3.4 UNFPA-specific topics

There are no additional vendor management topics specifically related to UNFPA operations.

4. PROCUREMENT STRATEGY AND PLANNING

4.1 Procurement strategy

Needs assessment, cost estimation and requirement definition are the first steps in the procurement process, and are essential components in the planning of a specific procurement activity.

Procurement planning is a complex exercise and emergency work and last-minute operations will always occur. However the benefits of procurement planning usually outweigh the disadvantages.

Procurement planning is defined as the process of assessing and projecting the procurement needs of the organization, programme or project in order to determine its procurement strategy.

Developing a strategic approach to procurement through appropriate and timely procurement planning is a key element for successful implementation of programmes/projects. This process offers a number of benefits such as:

- Better requirements definition, increased probability to receive of solid offers;
- Improved sourcing and, subsequently, increased competition;
- Mitigation of risk of redundancy, reduced transaction costs and competitive prices due to consolidation of procurement actions and volume effect;
- Reduction of lead times and delays due to the ability to perform procurement activities in advance and proactively;
- Ability to give advance information to suppliers with whom UNFPA has signed long term agreements in order for suppliers to better plan production for shorter lead times;
- Efficiency in the use of resources by avoiding last minute actions;
- Identification of “peak times” (such as year-end closure) when more or larger orders will be requested;
- Prevention of non-compliance with procedures, regulations and rules, for example due to oversights or lack of time. Proper procurement planning is also essential to avoid violating financial limits or threshold established in these Procedures; and
- Facilitation of monitoring of procurement activities.

4.2 Requirements definition

Requirement definition is the first step in the implementation of a procurement process, and an integrated step in its planning. However, requirement definition is often done in parallel with supplier sourcing and market research in order to let information from the market research influence the requirement definition. Requirement definition and market research are also known as pre-solicitation activities.

The general purpose of all requirement definition is to identify the precise needs of the requisitioner, and to search for the best solution to meet those needs. The needs must be described in the requirement definition in a way that will facilitate the procurement process.

Requirements that are to be a determining factor in the evaluation of offers must be considered at the needs definition stage, and will be eventually included in solicitation documents.

A procurement process should always be initiated based on a properly executed need assessment, approved by the Field Office Manager or budget owner. The procuring unit or budget owner is expected to document and forward the need assessment to the procurement Personnel using the [Need Assessment Form](#) together with the [Specifications](#) or [Terms of the Reference](#). Executing systematic need assessments using the designated Need Assessment Form is required for all procurement requests equal to or exceeding USD 100,000 if they are not covered through already established Contracts or Long Term Agreements. This requirement is applicable for all business units of UNFPA.

In order to avoid receipt of inappropriate equipment, supplies or services, as well as to enable suppliers to compete fairly, it is essential that requirements must be clear, concise and flexible (generic) and supporting information as detailed as possible.

The requisitioner is responsible for ensuring that all requirements and supporting information for purchase and delivery of the requested goods and/or services are appropriate.

Where guidance may be required to determine appropriate requirements, the requisitioner should first ensure that the field office has secured national expertise to assist the requesting party (i.e. Ministry of Health or non-government organization) to determine specifications and quality standard requirements.

Should additional validation/review of the requirements be needed, the field office may contact the Regional Office, Facilities and Administrative Services Branch (FASB), Management Information Systems (MIS), Programme Division (PD) or Technical Division (TD) as appropriate for advice.

If further advice is needed to clarify the technical nature of the requirement, PSB will refer the requisitioner to the appropriate expertise.

The requirements are specified in the following types of documents, which must be included in the Atlas requisitions. These documents will ultimately form part of the contract:

4.2.1 Specifications

- Used typically for the procurement of goods, but also for well-defined services.
- Definition: Description of what the purchaser wants to buy and, consequently, what the supplier is required to provide.
- Types of needs that can be included in the specification:
 - Functional specifications (defining what the goods are required to do).

- Performance specifications (defining the output of the goods).
- Conformance (technical) specifications (defining the physical characteristics and dimensions of the goods).
- If generic specifications are not available, available specifications and the words “or equivalent and equivalent in performance” must be included in the solicitation documents. Otherwise, the requisitioner must provide justification in writing in the procurement file when a brand or model is essential.

[Guidelines: Specifications for Goods](#)

4.2.2 Terms of Reference (ToR)

- Used primarily for procurement of services;
- Definition: ToR define the work required of a supplier to provide the solicited services;
- ToR can also be used for goods when the requirement cannot be quantitatively defined;
- ToR include:
 - Background for requesting the service;
 - Objective and scope of the service and overall impact;
 - Expected output from service;
 - Activities required to reach this output;
 - Inputs provided by UNFPA and the contractor, which are required to perform activities;
 - Deliverables (such as reports);
 - Timing;
 - Constraints;
 - Key Performance Indicators.
- Considering related risks, ToRs for security services require inputs from the UNDSS Chief Security Adviser/Security Adviser (CSA/SA) in country. In particular the CSA/SA must act as a technical resource to the Procurement Personnel by providing detailed ToRs for the required services, including unique guard force-related text for Personnel selection, training, special skills qualification, description of equipment required to implement the contract, performance standards and relationship of the guard force to host government security forces. The UNFPA Regional Security Adviser (RSA) acts as an additional technical resource person for the Procurement Personnel. The RSA liaises with the procurement officer and CSA/SA to ensure all technical aspects are in line with the country/area specific Security Risk Assessment and Minimum Operating Security Standard and meets UNFPA specific requirements.

[Guidelines: Terms of reference](#)

4.2.3 Sources of Specifications and Price Information

Typically, the following sources should be referred to when preparing project and procurement documents and requisitions:

- UNFPA [Procurement Catalogue](#);
- UNFPA PSB (regional teams as well as the PSB [portal](#));

- UNICEF [Supply Catalogue](#);
- World Health Organization (WHO) [International Pharmacopoeia](#) and [List of Essential Medicines](#);
- [UNOPS catalogue](#) (vehicles and office equipment);
- Other sources within the United Nations System (such as HCLM Procurement Network, other procurement practitioners, etc.); and
- Internet research.

4.3 Acquisition planning

4.3.1 Annual Procurement Plans

Procurement planning is a mandatory requirement. The approach varies depending on the type of commodities and procurement:

- Reproductive health commodities, medical devices and pharmaceuticals purchased by PSB

By mid-year, PSB issues detailed instructions and requires all field offices to enter in the annual [Procurement Plan](#) application the estimated annual quantities of all reproductive health commodities, medical devices and pharmaceuticals to be purchased by PSB.

Field offices will have the opportunity to update their plans in case revision should be needed at certain time periods announced by PSB.

- "Other items" purchased by field offices

During the first quarter of every year, i.e. during the developing period of the work plans, the procurement focal point in the country office is responsible for collecting and consolidating all products and services that are foreseen to be procured by the field office during the same calendar year. Based on this information, a [local procurement plan](#) should be developed not later than the 31st of March of every year for each field office (in the procurement planning tool select 'Local (undertaken by field offices)' under procurement type). The plan should capture as many procurement actions as can possibly be foreseen and be as detailed as possible.

- Procurement for New-York Headquarters by PSB

All Headquarters units are required to submit their estimated procurement plans for the following year by 31 December of the current year. Procurement plans must be submitted in the format specified by PSB and must include all foreseen procurement activities, regardless of value. Headquarters units will have the opportunity to update their plans on a regular basis in conjunction with their PSB focal points.

While PSB will take a lead role for procurement plans related to the first and third category above, for the procurement of “other items” by the country offices (second category above) it is the responsibility of the Field Office Manager to ensure that procurement plans are produced and completed in time.

4.4 Requisitions

The procurement process often begins following receipt of a funded and complete requisition, which includes specifications and quality standards. The requisitioner is responsible for allowing enough time to complete the required procurement steps based on lead times.

4.4.1 Lead times

Lead time is the time required between the origin of the needs and the use of the goods. More information about lead time components and lead times for specific goods/services can be accessed [here](#). The use of the PSB [Lead Time Calculator](#) provides useful lead time information.

4.4.2 Entry

PSB procures goods and services when a field office submits requests for procurement by raising a requisition directly in the UNFPA business unit. Requisitions must be submitted to PSB as early as possible to ensure timely processing. When the field office has approved and budget-checked the requisition, it will be routed to PSB for further action. It is the responsibility of the requisition approver in the field office to ensure that the requisition is in conformity with the relevant budget. Also, as most procurement channeled through PSB is done internationally, reference shall be made to customs clearance (see [section 12.5.6](#)) or import requirements (i.e. import or product certificates or registrations required).

Requests for services of individual or corporate contractors must be submitted by the contact person in the requesting unit using a requisition in Atlas (see [section 11.1.1](#)).

Besides the requirements established in the [Internal Control Framework](#), the requisitioner is responsible for ensuring the following information is correctly reflected in the requisition:

- 1) The correct business unit (requisitions sourced to purchase orders in the host country are entered into the local business unit; requisitions sourced to purchase orders by PSB or requisitions for LTA items maintained by PSB are entered into the UNFPA business unit);
- 2) The chart of accounts is correct and with sufficient funds for a sufficient length of time to cover the cost of the subsequent purchase order and ensure receipt in Atlas before expiration of the funding;
- 3) The correct Atlas item ID from E-procurement (where applicable);
- 4) [The correct Atlas category ID for non-Item IDs](#) (The choice of correct Atlas item category ID is also important from the financial management perspective, as each item category has a default account code that determines where the goods or services will be charged. Thus, choosing the correct item category will ensure the correct charging of expenses, from the nature of the account perspective);

- 5) Items that should be treated as Assets per the Fixed Asset Management Policy should be identified as to be capitalized;
- 6) Adequate technical specifications:
 - a) For supplies and equipment, the detailed description of the goods to be supplied is required (including quality standard, language, printing, artwork, installation, training, service, etc.), quantity, conditions and time of delivery, exact consignee address and contact details, and amount and terms of payment; Shipping marks, labeling requirements, installation, training, service, support, and any other special instructions are indicated in the requisition's line or header comments; Required maintenance or warranty period relating to the work required. (Note: Most of this information is already available for all items included in UNFPA's catalogue and it defaults into Atlas when you select the corresponding Item-ID from the eProcurement Atlas catalogue);
[Guidelines for making specifications](#)
 - b) For services, the nature of the services, period/dates to be covered, conditions to be fulfilled, and the amount and terms of payment; Qualifications, special skills, or requirements that selected contractors must demonstrate;
[Guidelines for making terms of references](#)
- 7) Any requirement for advanced or partial payments;
- 8) Adequate lead time should be provided considering bidding, order processing, production, testing, and delivery time in accordance with the [Lead Time Calculator](#) (link) where applicable;
- 9) Prior Headquarters clearance has been obtained if required;
- 10) For urgent requisitions, the requisitioner must provide justification to process the request as a priority; and
- 11) The Buyers appropriate to the business unit should be correctly identified at the requisition stage.

4.4.3 Approval

Every requisition entered into Atlas requires approval in accordance with the UNFPA [ICF](#) (under the Procurement tab a representation of all the steps and controls in the procure to pay process is provided). The approving officer ensures that the requested goods and/or services are in line with UNFPA's mandate, the country programme, country programme action plan, and the work plan or the institutional budget and that the proposed expenditures can be charged to the identified chart of accounts.

UNFPA's [ICF](#) defines the Expenditure Control Framework applying to creating and approval of requisitions and POs and other activities related to the payment process. Adherence to the Internal Control Framework is mandatory.

All requests for goods and services amounting to USD 5,000 and above require a requisition and a PO to be issued in Atlas except for requests for Third Party Procurement services undertaken by PSB that do not require a requisition (however such requests instead require the creation of a bill in the Atlas billing module before a PO can be issued).

Requests for goods and services below USD 5,000 can be acquired through a “non-PO voucher” (i.e. without undergoing a formal method and solicitation and/or without issuing a requisition) unless they fall within any of the below categories in which case these transactions also require a requisition and a PO to be issued in Atlas. A requisition and a PO are always required:

- 1) for the purchase of goods and services of any value when the Procurement is channelled through PSB
- 2) for the purchase of items considered “assets”, including “attractive items” (refer to [Fixed Asset Management Policy and Procedures](#))
- 3) for procurement of Special service agreements and consultants
- 4) for procurement of travel services including DSA and Terminal Expenses (please refer to the [Travel Policy](#) for further details - Depending on where the travel is originating travel approval may or may not require a requisition).
- 5) for the purchase of goods and services related to hospitality when the value is USD 500 or more. Please refer to the [Hospitality and Events Policy](#).

Note:

When sourcing requisitions issued by a separate requesting unit, POs can be sourced up to a maximum amount of USD 5,000 or 20% (whichever is less) above the total requisition value if this is required due to fluctuations in cost, e.g. freight, sampling and testing, changed packaging requirements etc. If the additional amount exceeds the limits specified above, the requesting unit should raise a new Atlas requisition for the additional amount.

Deliberate efforts to divide higher value requirements so that they fall below the limit requiring the creation of a requisition or a PO are prohibited and may lead to disciplinary action.

In order to comply with UNFPA’s [ICF](#), it is important that at least three individuals are involved in performing the three different functions of: approving the requisition, approving the PO, and issuing the payment.

4.5 Standardization

Standardization shall be acceptable when identical goods, equipment or technology have recently been purchased from a supplier or contractor, and it is determined that a quantity of additional supplies must be procured, or because of the need for compatibility with existing goods, equipment or technology. Please refer to [section 6.8](#) Exceptions to competitive tendering or formal methods of solicitation, point 3, for additional information.

4.6 Funding requirements

For expenditures chargeable to institutional budget or programme, the requisition amount is budget-checked against the available budget. The budget restriction is determined by the chart of accounts combination of fund, account, department ID, implementing agent, and project.

4.7 UNFPA-specific topics

4.7.1 Goods Requiring Headquarters Authorization for Local Procurement

Requests for local procurement of the following commodities require the prior authorization of the related Headquarters division/branch (shown below) to ensure appropriateness and compatibility and to minimize the risk of duplication. The requisition approver must make sure that authorization has been obtained prior to approving a requisition in Atlas containing any of these items:

- Contraceptives (PSB): UNFPA is the lead agency of the United Nations system for procuring reproductive health commodities. Therefore, in order to ensure standard specifications and quality levels are achieved in conjunction with UNFPA's mandate (and to leverage UNFPA's purchasing power), condoms, female condoms, oral contraceptives, injectable contraceptives, contraceptive implants, intra-uterine devices, and emergency contraceptives require approval from Chief, PSB to be purchased via local procurement;
- Vehicles (Facilities and Administrative Services Branch, FASB): Purchase of official (representation) and project vehicles must follow the standard procurement rules per the present procedure and further specified in [section 4.7.2.2](#) below.
- Computer and electronic equipment and software beyond the specification updated by MIS on a regular basis (MIS);
- Radios and security-related equipment and services (FASB with guidance of the Office of the Security Coordinator).

4.7.2 Advice Regarding Specific Needs

4.7.2.1 Reproductive Health Commodities, Pharmaceuticals and Medical Equipment

Items covered by long-term agreements (LTAs) with UNFPA suppliers have already undergone Technical Division review; items in the [UNFPA Procurement Catalogue](#) should be used when possible to procure from reliable suppliers that produce at international quality levels.

When procuring pharmaceuticals and medical devices and equipment not available in UNFPA catalogue, the following considerations must be made before initiating a bid solicitation:

- i. The product must fall within UNFPA's mandate;
- ii. If there are similar LTA products that would fulfill the same purpose as the proposed product (i.e. there is no need to buy outside of the catalogue) or if products covered by valid LTAs with another United Nations agency are available, these should be procured.

When neither LTAs nor catalogue products are not available, and the UNFPA country office therefore decides to conduct a procurement exercise for pharmaceuticals or medical equipment, an automatic notification will be generated by Atlas upon saving the Atlas requisition, indicating that:

- i. As a rule, pharmaceuticals and medical equipment should be procured by PSB from the standard catalogue in view of the risks associated with such items;
 - ii. Exceptions to that rule may only be allowed if proper quality assurance assessment of the products is being made prior to placing the orders by the respective UNFPA Country Office (see [full set of instructions](#)) and subject matter experts are involved to define the specifications;
- iii. The Head of the office will be held accountable for the entire procurement process including ensuring that quality of products meet UNFPA quality assurance policy standards and the procured items are within UNFPA's mandate, and for the consequences of improper or unfit for purpose items being supplied.

In view of the above, it is essential not to purchase such items without first creating a requisition using a valid account.

Note that products belonging to the following categories are not subject to the above quality assurance process:

- Medical attire including bed linen
- Medical utensils
- Anatomical models

When procurement of any of these non-medical category items is conducted, the following applies:

- Pre-shipment inspection of sample items is recommended.
- Post-shipment inspection by CO is mandatory.
- For medical utensils and medical attire including bed linen, PSB must be consulted prior to local procurement being initiated as there are special requirements to be aware of on stainless steel grade and textiles used for linen

4.7.2.2 Vehicles

- a) UNFPA field offices shall - as a first course of action – check the [UNOPS' UNWEBBUY](#) as UNOPS has been established as the lead agency for vehicle procurement within the UN system.

UNOPS' UNWEBBUY enables offices to create quotations, configure optional equipment, and calculate freight costs for vehicles available in different countries based on UNOPS' price agreements with a wide range of vehicle manufacturers. Instructions for using UNOPS' UNWEBBUY are provided in English and French. UNOPS being a self financing entity charges a fee for the offered services.

Note that UNFPA field offices shall select the lowest priced vehicle available that meets all requirements. If a UNFPA field office has a preference for a particular brand, which is more expensive, UNOPS will ask the UNFPA field office to justify why the more expensive option is selected. Such justification may include standardization purposes and availability of after sales service.

The UNFPA Head of Office is accountable for the accuracy and relevance of the justification provided. UNOPS will keep the information on file for audit trail purposes, and will shared it with the UNFPA Office of Audit and Investigation Services upon request.

PSB will approve the PO in Atlas as the transaction is created in POBU=UNFPA. It should be noted that it is the responsibility of the requisition approver to ensure that the selection of the vehicle brand and model is done in accordance with the principles of the procurement procedures.

Key points to note regarding vehicle procurement via UNOPS:

- All vehicle purchases through UNOPS must be processed in Atlas under PO business unit 'UNFPA';
 - The local CO ordering the vehicle via UNWEBBUY should create the PO in Atlas based on the quote received from UNOPS;
 - The PO will then be reviewed and approved by PSB;
 - The Dispatched PO should then be issued by the Local CO to UNOPS (Note: the PO is not 'financially received' at this stage);
 - Following this, based upon receipt of the UNOPS payment request (Proforma Invoice) by PSB and based on there being a valid 'Dispatched PO' in Atlas that matches, PSB immediately creates a 'Prepayment Voucher' in Atlas to pay UNOPS for the order;
 - The Finance Specialist at PSB then reviews and approves the 'Prepayment Voucher' following review of the supporting documentation;
 - PSB Personnel then tracks the order and upon documented confirmation from UNOPS and validation that the vehicle has been dispatched, they will create a 'financial receipt' for the vehicle in Atlas under BU UNFPA;
 - PSB will also receive the final invoice at this time from UNOPS and they will process a 'Settlement Voucher' in Atlas in order to settle any residual differences between the final cost of the vehicle and the prepaid amount.
- b) If a UNFPA field office cannot find any vehicle meeting the requirements through UNOPS, a standard procurement process shall be conducted.

Field offices may contact PSB for information on current LTAs held by other UN agencies.

Procurement of vehicles from stock are only permitted in the following situations:

- 1) If the requesting country is in an emergency situation (OCHA's definition applies and/or per State or National Government in the country of destination) or UNFPA fast track procedures have been approved.
- 2) To fulfil programme needs / donor demands, which are not caused by poor planning (Budget owner/ Requester should justify the request by recording information such as the date of signature of the project documents or Work Plans, the date of fund receipt, the project completion date).
- 3) If the stock vehicle alternative does not exceed 10% or up to a maximum of USD 5,000 (whichever is less) of the Ex-factory unit price (the rationale being that this amount corresponds to the premium the organization is willing to pay for faster delivery).
- 4) If as a result of a bidding exercise the stock vehicle alternative is the cheapest option

When none of these conditions apply, the purchase of stock vehicles requires special approval from the Chief of PSB.

- c) Additional general conditions for vehicle procurement:
 - Standard vehicle colors are white or dark blue.
 - All vehicles purchased by UNFPA shall have a valid warranty and after-sales service available in the country where they are going to be utilized in.
- d) The purchase of representational vehicles follows the above but requires in addition technical endorsement from FASB as such vehicles are subject to restrictions related to maximum amount including freight charge, engine size and number of g CO₂/km emissions (see [Vehicle Management Policy and Procedures](#)).

4.7.2.3 Stationery and Office Supplies

UNFPA Personnel should procure stationery and office supplies locally or internationally in conjunction with the [Office Supplies and Furniture Policy](#), using shared services and together with other United Nations organizations where possible. Whether the stationery and office supplies are internationally ordered by the field office or exceptionally ordered through PSB, airfreight should be used only in those countries where surface shipment is not practical or where small quantities are needed on an urgent basis.

4.7.2.4 Security in Field Offices

Due to security concerns, Country Offices are recommended to consult with their local UNDSS on any procurement related to security services or works with an estimated value of USD50,000 or above. The purpose of this type of consultation is to obtain advice on whether the bid shall be published in the public domain, e.g. UNGM, local newspaper, etc., or sent only to a limited, short-listed group of suppliers, e.g. UNDSS or United Nations pre-qualified suppliers.

5. SOURCING

5.1 Sourcing of vendors

The sourcing process enables identification of suitable suppliers, and can also provide valuable information about products and specification, and contribute to the determination of the method of solicitation and type of competition.

5.2 Market Research

Market research is the first step in the sourcing process, particularly if the product or service has not been procured previously. Knowledge about the market is a fundamental step in a successful procurement process.

5.2.1 The following tools are available to assist in the market research:

- a) [United Nations Global Marketplace \(UNGM\)](#).
- b) Advertisement of business opportunity ([see section 5.3.1](#))
- c) Expression of Interest ([see section 5.3.2](#))
- d) Request for information ([see section 5.4](#))
- e) Pre-qualification of vendors ([see section 5.5](#))
- f) External sources:
 - i. Internet (e.g. Kompass [available through [UNGM](#)], the [DACON](#) [Data on Consultants – maintained jointly by the World Bank and other Regional Development Banks], regional trade directories and country and product specific directories, etc.).
 - ii. Other relevant United Nations agencies, funds and programmes.
 - iii. Commercial/specialised journals and magazines.
 - iv. Beneficiary governments, end users, clients.
 - v. Specialised fora (business seminars, supplier catalogues, professional journals, etc.).

Note: UNFPA fully adheres to the [business seminar policy](#) endorsed by the HLCM - Procurement Network.
- g) Internal sources:
 - i. Vendor Database (e.g. a database of potential vendors –including consultants – established by an office, database of consultants maintained by the Division of Human Resources).
 - ii. Former vendors that have a proven satisfactory record (See [on-line tool](#) to record vendor performance evaluation).
 - iii. Previous short lists within the same field.
 - iv. Communities of practice (e.g. [Supply Chain](#), [Fusion platform](#), etc.).
 - v. PSB

5.2.2 Criteria for short-listing suppliers

The result of the market research stage shall be a list of potential suppliers. This list shall be created based on the following criteria:

- a) The widest possible geographic representation must be achieved.
- b) Due consideration must be given to suppliers from developing countries and new emerging markets (as defined by [UNCTAD](#)).
- 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 (see below for Pre-qualified vendors of contraceptives and pharmaceutical items).
- d) As a general rule, the supplier's technical and financial capacity should be comparable to the estimated value of the contract and the nature of the requested needs.

The [standard short-list form](#) shall be used to create short-lists. As a minimum 5 independent suppliers should be shortlisted for procurement values greater than USD 50,000. A shortlist should never contain less than 3 independent suppliers except under monopolistic markets.

5.3 Advertisement / Request for Expression of Interest

5.3.1 Advertisement of business opportunity

In open formal methods of solicitation, this refers to the advertisement of the business opportunity.

5.3.2 Request for Expression of Interest

In limited formal methods of solicitation, this refers to the dissemination of upcoming solicitation information through a request for [EoI](#), issued in appropriate media, such as [UNGM](#), local newspapers.

EoI advertise a procurement opportunity with the objective of conducting a bid process, and can be an effective method to search for suitable suppliers when unknown. An EoI provides general information on the requirements for goods or services. Suppliers express interest by submitting company information and details demonstrating experience and qualifications in provision of the relevant goods or services. The information provided by suppliers is assessed, and suppliers are considered for inclusion in a subsequent bid process. At least two weeks should be allowed for suppliers to express interest. The posting time should be commensurate with the complexity of the procurement.

5.4 Request for Information

Request for Information ([Rfi](#)) – requests the players in an industry to provide information about available products, technologies, services, qualifications and experience in order to gain required knowledge before writing the specifications. Similar media as for EoI can be used to advertise Rfi.

5.5 Pre-qualification of vendors

The pre-qualification process is a formal method of assessing suppliers against pre-determined criteria specified in a [Notice For Pre-qualification](#) issued in appropriate media. Only suppliers who meet established criteria are invited to tender.

The [United Nations Global Compact](#) offers information on suppliers regarding human rights, labour, the environment and anti-corruption. This can be used during a pre-qualification process.

The process ensures that solicitation documents are issued only to suppliers with adequate capabilities and resources.

The UNFPA pre-qualification process for core reproductive health commodities (contraceptives and pharmaceutical items) is outlined below:

- To ensure that manufacturers of certain pharmaceutical items and contraceptive commodities maintain the highest quality standards, PSB performs pre-qualifications, under guidelines and standards established, as applicable, by WHO.
- Following online application to the pre-qualification scheme, condom, female condom, intra-uterine device, oral contraceptive, injectable contraceptive, contraceptive implant, emergency contraceptive, and pharmaceutical suppliers provide documents related to manufacturing capabilities, product technical and specification standards, and financial stability.
- Suppliers with adequate documentation undergo inspection of the manufacturing premises and quality testing of samples by an internationally-recognized inspection company.
- Suppliers with products that pass the inspection and quality tests are pre-qualified. The list of UNFPA's pre-qualified suppliers and more about the programme is available on the [PSB Portal page](#) and from [WHO](#). Pharmaceutical products (such as antiretrovirals, antibiotics, etc.) must be purchased from sources approved by WHO to avoid public health risks and adverse publicity to UNFPA.

5.6 UNFPA-specific topics

There are no additional vendor sourcing requirements specifically related to UNFPA operations.

6. SOLICITATION

6.1 Overview

Solicitation is the step in the procurement process where the Procurement Personnel invites suppliers to submit offers.

There are different ways of soliciting offers. Therefore the first step is to define the method of solicitation: Shopping; Request for Quotation; Invitation to Bid; or Request for Proposal (more details are provided in the next sections).

The following logical steps shall be followed:

- a) First determine whether the needs are met through the use of an existing LTA. If this is the case, draw on the LTA and do not solicit offers (except in as far as required under the LTA);
- b) If there is no LTA that meets the needs, a competitive tender process is necessary. It follows that a solicitation method must be selected as outlined in [section 6.3](#) “Solicitation methods”.

6.1.1 Financial limits

The following applies to procurement requests with estimated total costs of goods and/or services of:

- **Under USD 5,000 (USD 10,000 for Headquarters Business Units and Regional Offices):** Shopping to achieve best value for money;
- **USD 5,000 (USD 10,000 for Headquarters Business Units and Regional Offices) – USD 49,999:** Seeking a minimum of 3 responsive quotations through an informal method of solicitation (Request for Quotation);
- **USD 50,000 and above:** Seeking a minimum of 3 responsive offers through a formal method of solicitation (Invitation to Bid or Request for Proposal).

6.1.2 Pre-clearance by PSB for solicitations exceeding USD100,000

Regardless of the type of competition, all solicitations of a value exceeding USD 100,000 must be pre-cleared by a procurement specialist / associate at PSB or by any other procurement specialist outside PSB appointed by the Chief, PSB with the approval of the Field Office Manager (Representative, Regional / Sub-regional Director, etc.) prior to being issued.

6.1.3 Pre-clearance by MIS for solicitations related to Information Technology systems and solutions

Regardless of the funding source, all solicitations:

- exceeding USD 5,000 or 80 person hours of development for the procurement of shadow IT systems to be used by UNFPA must be pre-cleared by the UNFPA Information and Communication Technology (ICT) Board:
- of a value below USD 5,000 or 80 person hours of development for the procurement of shadow IT systems to be used by UNFPA must be pre-cleared by the MIS Applications Development Manager (for applications) or by the Technology Manager (for hardware/infrastructure).

6.2 Types of competition

6.2.1 Open international competition in ITBs and RFPs

Open international competition is the default method of competition as it best satisfies the principles of Best Value for Money, Transparency and Effective Competition.

The purpose of open international competition is to secure value for money and to provide all potential suppliers with adequate and timely notification of UNFPA's requirements and equal access and fair opportunity to compete for contracts for required goods or services. Open international competition is most transparent way of conducting a competitive tender process.

Procurement opportunities should be advertised and distributed, in the case of open competitions, in ways that would lead to the most beneficial responses, such as advertisement on specialised websites (e.g. www.undb.org), specialized magazines, etc., besides the mandatory publication in [UNGM](#). Publishing on UNGM is quick and does not cost anything.

The reader is reminded that procurement of USD 50,000 and more is subject to formal methods of solicitation. If a solicitation has not been published on UNGM and the contract exceeds USD 50,000, the entire exercise might have to be re-tendered. It is therefore recommended to publish all tenders on UNGM if there is only the slightest chance that the amount might exceed USD 50,000.

Although in certain cases it may be perceived that the tender exercise would only be of interest to local suppliers, all tenders above USD 50,000 must, nevertheless, be published on UNGM to ensure that the procurement principle of international competition is achieved. Moreover, publishing on UNGM is in no way detrimental to local suppliers.

If it is expected that the tender would only be of interest to local suppliers it is recommended to advertise the tender in local media or websites, too (it would still remain mandatory to also publish it on UNGM).

If rosters of qualified suppliers are already in place in the office, it is advisable to notify these suppliers directly and simultaneously of the publication of the tender on UNGM by sending them the required link.

Finally, note that it is not necessary for local suppliers to be registered on UNGM in order to submit a bid and participate in a tender process.

6.2.2 Limited international competition in ITBs and RFPs

Limited international competition allows participation in the solicitation of only selected suppliers. In UNFPA, this methodology may only be pursued when pre-qualification has been identified as the most suitable procurement strategy and an open pre-qualification exercise was undertaken. This applies only to the procurement of contraceptives, pharmaceuticals, census/statistics, equipment and services, which are procured solely by PSB.

6.3 Solicitation methods

UNFPA [Financial Rule 115.3](#) provides, in its relevant part:

“ ... [P]rocurement contracts shall be awarded on the basis of effective competition, and to this end, the competitive process shall, as necessary, include: ... (d) formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers; or informal methods of solicitation, such as requests for quotations. The CPO shall issue policies and procedures concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.”
(Emphasis added)

The following methods of solicitation shall be used in connection with the monetary values indicated below:

(a) Informal methods of solicitation (under USD 50,000):

- Shopping (under USD 5,000, USD 10,000 for Headquarters Business Units and Regional Offices): – No template
- Request for Quotation (RFQ; USD 5,000 (USD 10,000 for Headquarters Business Units and Regional Offices) to 49,999) – [Template](#)

(b) Formal methods of solicitation (USD 50,000 and above):

- Invitation to Bid (ITB) for values up to USD 500,000 - [Template](#)
- Invitation to Bid (ITB) for values above USD 500,000 - [Template](#)
- Request for Proposal (RFP) – [Template](#)

6.3.1 Informal Methods of Solicitation (under USD 50,000):

6.3.1.1 Shopping (under USD 5,000, under USD 10,000 for Headquarters Business Units and Regional Offices)

Procurement under USD 5,000 (USD 10,000 for Headquarters Branches and Regional Offices) is subject to shopping. The Procurement Personnel should obtain prices orally or in writing. Prices obtained orally shall be written down in the procurement file. Price research is done by informal, pragmatic and reasonable means, such as telephone calls, internet or shop/site visits.

For items to be purchased for or on behalf of any Headquarters branch or Regional office, the threshold for shopping is USD 10,000.

6.3.1.2 Request for Quotations (USD 5,000 (USD 10,000 for Headquarters Business Units and Regional Offices) to 49,999)

Procurement between USD 5,000 and USD 49,999 is conducted on the basis of an RFQ ([Template](#)). For that purpose, at least three suppliers must be invited to submit a quotation (for the procurement of services a 2-envelope approach can be used). Should it not be possible to obtain three quotations, the reasons must be recorded in writing and filed in the procurement file.

A deadline for receiving quotations must be specified in the RFQ. The solicitation must typically remain open for two weeks. The offers must be received in writing.

6.3.2 Formal Methods of Solicitation (USD 50,000 and above)

6.3.2.1 Invitation to Bid

ITBs, ([Template below USD 500,000](#) and [Template above USD 500,000](#)) are used for procurement processes equal to or above USD 50,000 when the requirements can be specified quantitatively and qualitatively. It is primarily used when procuring goods or well-defined services.

ITBs can be based on either the one-envelope (for the majority of the cases) or the two-envelope system. ITBs are based by default on the one-envelope system:

1. When a one-envelope ITB is used, suppliers are requested to submit technical and price information in a single envelope. Evaluation is done by verifying that an offer is substantially responsive in all aspects.
2. When a two-envelope ITB is used suppliers are requested to submit their technical and commercial (financial) offers separately in two sealed envelopes. The purpose of the two-envelope system is to ensure that the technical evaluation can be undertaken focusing solely on the contents of the technical bids without bias from the financial aspects of the offer. The financial offers for those bids being deemed to be technically compliant (technical compliance is determined according to a points system) are then to be opened in a separate bid opening session after the completion of the technical evaluation.

Using a two-envelope system increases the formality and complexity of the process. This could potentially discourage bidders from submitting a bid or increase the risks of bids being invalid, which goes against the principle of effective competition. Therefore, the two-envelope system should not be used unless there is a valid reason for doing so. Valid reasons are typically risk of fraud.

The following must be followed when conducting an ITB:

- a) The ITB is open to international competition through public posting on the United Nations Global Market Place ([UNGM](#)), which is the default method of formal solicitation at UNFPA; and for limited international competition procurement, the ITB is made accessible to a selected number of suppliers. In both cases, suppliers may also be notified of the solicitation by email.
- b) The solicitation must remain open for at least three weeks. For low-value (less than USD 100,000), non-complex processes, or on an exceptional basis (such as when there is an urgency not caused by a lack of planning), this period may be reduced to two weeks. The justification must be provided when seeking approval from the Officer holding Procurement Authority to issue the solicitation.
- c) Specifications, requirements (quality, delivery terms and dates, quality assurance, etc.), quantity estimates, payment terms, evaluation criteria, and other criteria must be included in the solicitation documents. Criteria defining substantial responsiveness/non-responsiveness must be used in order to establish objective measures with which the various aspects of the offer are analyzed. These may include requirements pertaining to the goods (technical specifications), services (terms of reference) and/or the supplier (qualification requirements). See [section 8.7.2](#) Supplier Qualification showing mandatory minimum qualification requirements.
- d) Any samples required should be requested in the solicitation documents along with deadlines and how, where and when they should be sent (and return, if applicable). Because samples can get caught in customs, it is prudent to send samples separately from bids. If samples will be required as part of the evaluation, special considerations must be taken into account (see [Guidelines on specifications](#)).
- e) The deadline, date, hour, time zone, place and method(s) for submission of bids and the required validity of bids must be specified in the solicitation documents with any markings required on the bid to indicate its contents. The deadline for receiving bids is an absolute deadline.
- f) E-mail communications are permissible in issuing information to bidders simultaneously and in the clarification of queries.
- g) Questions from any bidder and clarifications from UNFPA must be communicated simultaneously to all bidders; the method of communicating questions and answers shall be included in the solicitation documents.
- h) Revisions or cancellations to the solicitation must be communicated using the same means as the initial solicitation.
- i) Bids containing price and/or technical information must be submitted in sealed envelopes clearly marked “sealed bid” or through a secure email address or internet site dedicated to the bid process (submissions by fax are not permissible as dedicated and secure fax lines are not practical in most locations).
- j) Bids must be received by Personnel not involved in the procurement process and must be placed in a secure area, sealed and kept confidential until the opening of all bids. If received in electronic version, they are to be kept in a secure electronic location (secure inbox, folder, server, etc.).
- k) Bids received after the stipulated deadline must not be considered.

- l) In accordance with UNFPA's [Archives and Records Management policy](#), all bids must be kept in file and for auditing purposes for the minimum period of time required in the policy.
- m) For the opening of the bids, the steps and considerations provided in [section 7.4.2](#) (Bid Opening Panel) must be taken into account.
- n) When less than 3 responsive bids have been received, reasonableness of price must be checked, e.g. through market survey, comparison with prices obtained previously for similar goods/services.

6.3.2.2 Request for Proposal

Like ITBs, [RFPs](#) are used for procurement processes equal to or above USD 50,000. However, RFPs are used for processes where requirements cannot be quantitatively and qualitatively expressed in the specifications at the time when the solicitation is issued. RFPs are generally used for the procurement of services that can be provided in different manners or via different approaches and methodologies.

An RFP requests a proposal offering a technical solution to the requirements specified in the solicitation document, as well as a separate financial proposal indicating all costs associated with carrying out the proposal. The RFP always requires suppliers to submit the technical and financial proposals sealed separately (under the so-called “two envelope” system) in order to preserve fairness and confidentiality in the process. The purpose of the two-envelope system is to ensure that the technical evaluation can be undertaken focusing solely on the contents of the technical proposals without bias arising from the financial aspects of the proposals. Thereafter, an evaluation comparing all factors, both technical and financial, is carried out as outlined below.

The following steps must be followed when conducting an RFP:

- a) The RFP is open to international competition through public posting on the United Nations Global Market Place ([UNGM](#)), the default method of solicitation at UNFPA. Suppliers may also be notified of the solicitation by email.
- b) The solicitation must remain open for a minimum of four weeks. For low-value (less than USD 100,000), non-complex processes or on an exceptional basis (such as when there is an urgency not caused by a lack of planning), this period may be reduced to two weeks. The justification must be provided when seeking approval from the Procurement Authority to issue the solicitation.
- c) Specifications, requirements (quality, delivery terms and dates, quality assurance, etc.), quantity estimates, payment terms, evaluation criteria, and other criteria must be included in the solicitation documents. These may include requirements pertaining to the goods (technical specifications), services (terms of reference and/or the supplier (qualification requirements)).
- d) Any samples required (if applicable) should be requested in the solicitation documents along with deadlines and how, where and when they should be sent (and returned, if applicable). Because samples can get caught in customs, it is prudent to send samples separately from proposals. If samples will be required as part of the evaluation, special considerations must be taken into account (see [Guidelines on specifications](#)).

- e) The deadline, date, hour, time zone, place and method(s) for submission of proposals and the required validity of proposals must be specified in the solicitation documents with any markings required on the proposal to indicate its contents. The deadline for receiving proposals is an absolute deadline ([see section 7.1](#)).
- f) E-mail communications are permissible in issuing information to bidders simultaneously and in the clarification of queries.
- g) Questions from any bidder and clarifications from UNFPA must be communicated simultaneously to all bidders; the method of communicating questions and answers shall be included in the solicitation documents.
- h) Revisions or cancellations to the solicitation must be communicated using the same means as the initial solicitation.
- i) Proposals containing price and/or technical information must be submitted in sealed envelopes clearly marked “sealed bid” or through a secure email address or internet site dedicated to the bid process (submissions by fax are not permissible as dedicated and secure fax lines are not practical in most locations).
- j) Proposals must be received by Personnel not involved in the procurement process and must be placed in a secure area, sealed and kept confidential until the opening of all proposals. If received in electronic version, they are to be kept in a secure electronic location (secure inbox, folder, server, etc.).
- k) Proposals received after the stipulated deadline must not be considered.
- l) In accordance with UNFPA’s [Archives and Records Management policy](#), all proposals must be kept in file and for auditing purposes for the minimum period of time required in the policy.
- m) For the opening of the proposals, the steps and considerations provided in [section 7.4.2](#) (Bid Opening Panel) must be taken into account.
- n) When less than 3 responsive proposals have been received, reasonableness of price must be checked, e.g. through market survey, comparison with prices obtained previously for similar services.

6.3.3 Solicitation of offers against existing UNFPA LTAs

For information on the structure, purpose and scope of use of LTAs as a contractual instrument, please refer to [section 11](#) on “Contractual Instruments”, [section 11.4](#).

6.3.3.1 Fixed Prices versus Ceiling Prices LTAs

(a) Fixed prices:

In the event that the LTA prices are fixed and there is only one LTA covering the required items, the LTA holder must be contacted directly through issuance of an RFQ to submit an offer as per the terms and conditions of the LTA.

Fixed prices LTAs are typically used for strategic and critical products (high supply risk, high relative procurement spend).

In the case of LTAs for goods, the following procedure must be followed considering that the freight component is not included in LTA prices:

UNFPA

- Suppliers of goods shall be asked to submit "binding" freight quotations to UNFPA;
- For freight quotations below USD 50,000, UNFPA may go with the LTA supplier in order to reduce transaction costs, i.e. no separate freight cost comparison is required;
- For freight quotations above USD 50,000 (above USD 100,000 for Emergency Reproductive Health Kits (ERHK)), UNFPA will compare suppliers offer for freight with the freight offer from United Nations LTA freight forwarders and choose the lowest freight option. The following procedure shall be followed:
 - A request for quotation must be issued only to the United Nations freight forwarders that are approved in the United Nations LTA for the country of destination;
 - If none of the designated United Nations freight forwarders for the particular destination is able to quote, all the other United Nations freight forwarders may be approached and requested to quote for that particular destination;
 - When freight quotations above USD 50,000 are sought from multiple United Nations freight forwarders, offers must be submitted in a secure way (e.g. to the secure bid email or in a sealed envelope) to ensure transparency. (Note: if there is only one eligible LTA freight forwarder, quotes can be sent directly to an ordinary email address). The contract shall be issued to the lowest substantially responsive offer;

United Nations Freight Forwarder LTAs:

- [UN Sea Freight LTAs](#)
- [UN Air Freight LTAs](#)
- Suppliers will be asked to submit actual freight invoice together with other shipping documents to UNFPA and this information will be part of the payment documents. In the event of suppliers having special arrangements with freight companies whereby the final freight invoice can only be submitted at a later stage, for payment purposes the supplier shall provide a written statement to UNFPA indicating that freight charges invoiced to UNFPA are at actual costs. The supplier shall then provide the required freight forwarder invoice as soon as it is made available to the supplier by the freight forwarder;
- Suppliers will be informed that UNFPA will pay the actual invoice cost to the supplier but never more than the binding freight amount they quoted. This means that if the actual freight invoice is higher than the quoted freight, the supplier will have to cover the cost difference. If the actual invoice is lower than the quoted freight, UNFPA will only pay the actual freight invoice;
- Suppliers will be informed that UNFPA will perform random checks of freight amounts invoiced to UNFPA on a regular basis to ensure that what UNFPA is paying for freight is aligned with market rates.

(b) Ceiling Prices:

In the event that LTA prices are ceiling prices, the various LTA holders for the required items must all be put in competition through secondary bidding when the one-time procurement value is expected to be above USD 50,000.

Ceiling prices LTA are typically used for leverage items (low supply risk, high relative procurement spend).

Secondary bidding is a solicitation exercise, which is based on already established LTA(s), whereby (1) the suppliers are requested to provide their BAFO through issuance of an RFQ and (2) the prices cannot exceed the ceiling prices indicated in the LTA for a certain merchandise or service.

Suppliers must be requested through issuance of an RFQ or through reverse auction bidding using an e-procurement system to submit their BAFO. The time of solicitation must be as per the instructions for use developed separately with each LTA. The RFQ must be signed by the relevant Procurement Authority and specify that the prices cannot exceed the ceiling prices indicated in the LTA.

- If the value of the purchase does not exceed USD 50,000, offers resulting from a secondary bidding exercise do not need to be submitted to a secure email or sent in a sealed envelope. A note to file justifying the final selection decision should be included in the file for audit trail purposes.
- If the value of the purchase is over USD 50,000, offers resulting from a secondary bidding exercise shall be handled in a confidential manner and therefore sent to a dedicated secure email address, or in a sealed envelope. A note to file justifying the final selection decision must be included in the file for audit trail purposes.

The advantages of secondary bidding include:

- 1) Guarantee of lowest achievable price in the shortest bidding time possible.
- 2) Better risk management given that not all orders will necessarily go to the initially lowest priced LTA holder and UNFPA will be able to avail of multiple sources of supply.
- 3) Cost efficiency and price competitiveness - due to competition among LTA holders and due to the fact that freight costs will be taken into account during final evaluation.

6.3.3.2 Solicitation of offers by Country Offices against PSB LTAs

Some country offices might be authorized and trained by PSB to conduct transactional procurement for certain RH commodities using [PSB's corporate LTAs](#). Relevant procedures will be shared on a case by case basis with those countries.

Unless specific authorization and training has been given, a country office cannot purchase products using PSB's corporate LTAs.

6.3.3.3 Solicitations against existing United Nations system LTAs

UNFPA [Financial Rule 115.2\(b\)](#) provides in its relevant part:

“The CPO may cooperate with other organizations of the United Nations system to meet the procurement requirements of UNFPA ... Such cooperation may include ... UNFPA entering into a contract in reliance on a procurement decision of another organization”

Therefore, UNFPA may contract with a vendor in reliance on the LTA of another United Nations system Organization. This is an efficient way of contracting and is therefore encouraged, subject to:

- obtaining evidence that the LTA has been formally established (i.e. copy of the signed LTA as well as relevant instructions and conditions regarding the use of the LTA);
- item(s) being covered by that specific LTA;
- LTA being valid;
- the agreement of the supplier holding the LTA, (including signed [memorandum of agreement](#) between UNFPA and the supplier);
- the permission of the United Nations system organization in question that UNFPA may place an order against the LTA.

UNFPA will be required to follow the terms of the LTA entered into by the other United Nations system organization, *e.g.* use of secondary bidding if so required under the LTA; being careful not to exceed any caps established under the LTA (note: this should be calculated individually and not take into account quantities previously purchased by other United Nations organizations); specific brand required; use of stock items to be justified; etc.

Please refer to the [Standard Operating Procedures for the Use of Long-term Agreements \(LTAs\) of other United Nations System Bodies](#) for further information.

6.3.4 Budget range

Price plays a role in determining the award for specialized requirements, and a bidder may propose a higher or a lower price depending upon perception of the requirements. To help suppliers determine the quality of service or complexity of design and how much resources and/or money they should invest in responding to the procurement opportunity, a budget may be included in the solicitation documents. A budget range encourages competition and potential cost savings but can inflate prices. It is prudent to retain a realistic margin at the high and low ends of the budget range to ensure flexibility in finalizing the exact range of services that are to be provided.

6.3.5 Nominal fees for costs of solicitation

In inviting proposals for complex services, prospective bidders may incur costs in responding that may restrict the number of responses received and reduce competition. In such cases, a nominal fee may be paid by UNFPA to offset costs incurred by the unsuccessful bidders. This is only to be offered in exceptional circumstances, and the payment of a fee must be determined in advance of the release of the RFP. The Chief, PSB, will determine the fee payable in consultation with the requesting office in all cases.

6.4 Solicitation documents

6.4.1 Preparation of solicitation documents

The standard documents are templates, which contain UNFPA’s mandatory terms and conditions customized to fit the specific procurement process being undertaken. These documents are to be completed with the specific details applicable to each solicitation.

When soliciting offers from suppliers following a method of solicitation, UNFPA standard documents must be used. The documents that constitute a solicitation consist of the following elements:

- a) Letter of invitation and instruction to suppliers;
- b) Definition of requirements (specifications/TOR);
- c) Contractual information;
- d) Offer submission forms.

Each solicitation must, besides being as concise as possible, contain all data and appropriate provisions that are necessary for bidders to understand UNFPA’s needs and to prepare a suitable offer. Moreover, solicitation documents must always be in accordance with the [UNFPA General Terms and Conditions](#).

UNFPA General Conditions – Low value Contracts	For contract/PO values below USD 100,000, covering goods and/or services	English	French	Spanish
UNFPA General Conditions – Goods	For contract/PO values equivalent or over USD 100,000, covering goods	English	French	Spanish
UNFPA General Conditions – Services	For contract/PO values equivalent or over USD 100,000 covering services	English	French	Spanish
UNFPA General Conditions – Mixed Goods and Services	For contract/PO values equivalent or over USD 100,000 covering mixed goods and services	English	French	Spanish

No changes in the standard paragraphs of the solicitation documents, including annexes (if any), can be made without prior clearance by a procurement specialist / associate at PSB. Moreover, care must be taken not to include any requirement or condition in the documents that may

contradict UNFPA's General Terms and Conditions, or the standard text of any of the documents.

It is crucial that all relevant data concerning the requirements and demands to the suppliers is presented at this stage, and included in the solicitation documents, as no additional requirements may be introduced after the solicitation process has been completed.

6.4.2 Types of solicitation documents

There are three types of solicitation documents. In all three cases, the specific UNFPA-designed templates must be used. Furthermore, each type of solicitation will be accompanied by the following:

- 1) Request for Quotation ([Template](#)): The UNFPA template must clearly communicate the requirements and the basic quotation conditions to all suppliers.
- 2) Invitation to Bid ([Template below USD 500,000](#) and [Template above USD 500,000](#)): The technical requirements for an ITB are generally defined in the [technical specifications](#). These specifications must be an integral part of the solicitation documents.
- 3) Request for Proposals ([RFP Templates](#)): RFPs are typically accompanied by [terms of reference \(ToRs\)](#).

6.5 Components of solicitation documents

a) Letter of invitation and instruction to bidders:

- i. **Invitation to offer** (including reference to the specific procurement activity and a list of supporting documents issued).
- ii. **Deadline for submission of offers** (Date, time, mean and place for submission must be clearly stated, together with the location, date and time for the opening of offers). In order to allow the supplier sufficient time to prepare and submit an offer, the following minimum times must be respected:
 1. 2 weeks for RFQs.
 2. 3 weeks for ITBs (for low-value -less than USD 100,000-, non-complex processes, or on an exceptional basis -such as when there is an urgency not caused by a lack of planning- this period may be reduced to two weeks). The justification must be provided when seeking approval from the Officer Holding Procurement Authority to issue the solicitation.
 3. 1 month for RFPs (for low-value -less than USD 100,000-, non-complex processes, or on an exceptional basis -such as when there is an urgency not caused by a lack of planning-, this period may be reduced to two weeks). The justification must be provided when seeking approval from the Officer Holding Procurement Authority to issue the solicitation.
- iii. **Instructions for preparation and submission** (in order to convey all relevant elements governing the preparation and submission of offers). The instructions must include a list of documents required to form a complete offer, as well as notice to

- suppliers that offers may be rejected unless compliant. The instructions should always include:
1. Mode of submission (electronic, mail).
 2. Address (physical or electronic).
 3. Instructions on how the offers should be packaged (sealed, number of copies, etc.).
- iv. **Description of the procurement activity** It should include all information necessary to prepare a responsive and meaningful offer such as:
1. The context of the procurement activity.
 2. The intended purpose of the procurement activity.
- v. **Currency of offer and exchange rate** (if applicable, in which case, official United Nations operational rate of exchange will be the one to be used).
- vi. **Language** used for the solicitation documents. All contractual documents are to be written in English, French or Spanish.
- vii. Instructions on **offer validity** (requesting suppliers to keep their offers valid for a specific number of days – typically between 30 and 90 days for goods and minimum 3 months for services - allowing time for evaluation of offers and award of contract).
- viii. **Method of evaluation and evaluation criteria** (including weight of each major criterion and how it will be applied). The evaluation must be carried out pursuant to the criteria specified. For more on evaluation criteria, see [section 8 'Evaluation of Submissions'](#).
- ix. **Discrepancies and errors in the price component** It must be reflected – in accordance with the Modification of offers part of the present Procedures in the solicitation documents for formal methods of solicitation, how discrepancies and errors in the price component will be dealt with.
- x. **Payment terms** The solicitation documents must specify the payment terms. These will usually be 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). No advance payment should be made, except when according to UNFPA's Policy on Advance Payments. See [section 13.5.3](#).
- xi. **Modifications** The documents must stipulate that any amendment, additional information, clarification or correction to the bidding documents will be distributed to all suppliers prior to the deadline in order to enable bidders to take appropriate action using the same means of communication.
- xii. **Reservations to UNFPA's General Terms and Conditions** The documents must state that bidders must submit any reservation to UNFPA's General Terms and Conditions together with their bids and that failure to submit such reservations is deemed as an acceptance of the General Terms and Conditions in full.
- xiii. Information about **bid security**, if applicable (PSB must be consulted on the applicability of bid security). Bid securities can be requested by UNFPA in order to mitigate risks such as:
1. Withdrawal or modification of a bid or proposal after the bid receipt deadline.
 2. Failure to sign the contract.

3. Failure to provide the required security for the performance under the contract after a bid or proposal has been accepted.
4. Failure to comply with any other conditions precedent to signing the contract specified in the solicitation documents.

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

- a. High value of goods or services to be purchased.
- b. Emergency / Urgency of the request.
- c. Increasing price of raw materials.
- d. High risk that bidders withdraw their offers due to the market conditions and/or unstable situation in the specific location.
- e. Donor-imposed conditions which require it.

Bid securities are documents that can be cashed and, as such, extra care must be taken when handling and storing original documents. Original securities must be stored in a safe place (e.g. the finance safe) as ultimately they will be returned to the supplier (unless they have been forfeited).

The value of a bid security must be calculated as to represent the costs of evaluating offers and re-tendering. A bid security must always be stated as a specific lump sum rather than as a percentage of the bid amount. Normally, an amount corresponding to USD 10,000, USD 20,000 or USD 50,000 is recommended depending on how complex and costly the solicitation process is. It is important, however, not to set the amount so high as to discourage bidders to participate in the tender process as securities represent a cost to bidders.

Banks and other financial institutions, as well as insurance companies can provide securities in the form of a bank guarantee (most usual form), demand drafts, cashier's cheques or irrevocable cheques.

A security must always be unconditional (it can be called directly without having to prove non-performance) and irrevocable.

- xiv. **Information about performance security and advance payment guarantee**
Performance securities can be requested by UNFPA from the selected supplier in order to mitigate the risks of supplier non-performance and breach of contractual obligations (such as delivery of all equipment or services rendered completed as per the contract). If a performance security is requested at the time of contract signature, the solicitation document must specify the requirements, including the deadline for provision of the security.

Performance securities and advance payment guarantees are documents that can be cashed and, as such, extra care must be taken when handling and storing original

documents. Original securities must be stored in a safe place (e.g. the finance safe) as ultimately they will be returned to the supplier (unless they have been forfeited). It is recommended that the performance security equals at least five percent (5%) of the total contract amount.

As can be seen below, performance securities and advance payment guarantees serve different purposes.

Performance Security:

It is recommended to use performance securities under the following circumstances:

1. High value of goods or services to be purchased.
2. Emergency / Urgency of the request.
3. Increasing price of raw materials.
4. Previous unsatisfactory experience with selected supplier.
5. New supplier unknown to UNFPA.
6. Big difference between the lowest and the second lowest price.
7. High risk that bidders withdraw their offers due to the market conditions and/or unstable situation in the specific location.
8. Limited market for the product in question (single supplier of a key commodity).
9. Donor-imposed conditions, which require it.

Banks and other financial institutions, as well as insurance companies can provide securities in the form of a bank guarantee (most usual form), demand drafts, cashier's cheques or irrevocable cheques. In any case, Finance Branch (FB) must approve the security document submitted by the vendor recommended for contract award prior to being accepted.

A security must always be unconditional (it can be called directly without having to prove non-performance) and irrevocable. It must be returned to the vendor once evidence of satisfactory completion of the vendor obligations under the contract has been obtained. At time of requesting a performance security, the conditions under which the security will be returned to the vendor must be clearly specified for the sake of transparency.

Advance payment guarantees:

Advance payment guarantees can be requested by UNFPA from the supplier when the supplier requests an advance payment to cover its mobilization costs (typically in cases of contracts for services).

Please refer to [section 13.5.3](#) for more detailed information on advance payment procedures.

- xv. **Alternative offers.** Alternative offers are offers that do not comply with the exact requirements of the tender, or which may represent an improvement over the original

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- offer in terms of exceeding the minimum performance parameters of the request, and are proposed by suppliers as an optional way of fulfilling the needs of the end user. The solicitation document must specify whether or not alternative offers are acceptable (which is usually the case in RFP processes). In any case, alternative offers not complying with the mandatory criteria must not be considered.
- xvi. **Split orders.** Information regarding whether or not partial offers are acceptable, and whether split orders will potentially be issued must be included in the solicitation documents.
 - xvii. **Contact information** for queries.
 - xviii. **Bid protest procedures:** The solicitation documents shall contain a paragraph informing potential suppliers of the independent protest mechanism in UNFPA. Such a paragraph is included in UNFPA standard documents. See [section 10.2.3 Bid protest procedures](#) for more information.
 - xix. **Other.** Need for samples, for instance. If samples will be required as part of the evaluation, special considerations must be taken into account (see [Guidelines on specifications](#)).

b) Definition of requirements:

- i. **Technical specifications (Terms of Reference (ToR)):** A clear and detailed description of the performance expected is important in order to prevent misunderstandings and disagreements with suppliers at the time of contract execution. Ambiguous performance requirements may also lead to increased costs as bidders may have to factor into their bid a contingency or risk buffer reflected in the price.
- ii. **Delivery date** for goods or **starting/completion dates** for deliveries of services.
- iii. When procuring goods, the **destination(s)**, and mode(s) of transport shall be included. For services destination shall be specified.
- iv. **Delivery terms** [Incoterms 2010](#) shall be used to specify the delivery of goods. Typically, CPT (Carriage Paid To) will be the Incoterm of reference for UNFPA.

c) Contractual terms:

- i. A copy of UNFPA's General Terms and Conditions for contracts (**GTC**) must be included in the solicitation documents (see [section 6.4.1](#)). GTC clarify which conditions the suppliers are expected to accept when signing a contract with UNFPA.
- ii. Information about any **special terms and conditions**, if applicable and cleared, as appropriate, by the Legal Unit.
- iii. For professional services, an "[Additional Contract Information](#)" form providing additional contractual details has to be attached to the PO". A copy of the relevant *UNFPA model contract* ([Contract for Professional Services](#)) must always be included in the solicitation documents. These contract documents will allow suppliers to know the terms and conditions of the specific agreement before submitting an offer, and understand the type of contract they would be expected to sign if selected as a supplier to UNFPA.
- iv. When purchasing goods, a copy of the relevant [packing and shipping instructions](#) must be included with the solicitation documents. These instructions are fundamental to the supplier when bidding, as they include specific and clear information regarding

- packaging, marking and numbering of the shipment, notification of shipment, documentation required for custom clearance and payment purposes and invoicing.
- v. **Price and payment** Information as to whether a contract will be signed based on fixed price/lump-sum or cost reimbursement.

d) Offer submission forms:

The supplier's offer must be signed by a duly authorized officer or agent of the supplier, in order for the offer to be legally binding. If the offer does not contain the required signature, and provided that the signature of such authorized representative appears on a letter of transmittal or on another document attached thereto, UNFPA shall assume that the omission was unintentional, and accept the offer. However, the bid evaluation team shall ask the duly authorized signatory to confirm immediately that the said offer is legally binding and get the required signature. Any unsigned offer submitted without accompanying evidence that the offer is authentic, must be rejected. A signature evidently executed by someone other than the typed name of the authorized representative on his/her behalf, shall be verified. Solicitation documents shall contain a standard bid submission form to be signed and returned with the supplier's offer.

6.6 Invitation of vendors

6.6.1 Approval and issuance of solicitation documents

When the solicitation documents are completed, the following points must be complied with before proceeding to the distribution of the documents:

Approval of solicitation documents

All solicitation documents of a value exceeding USD 100,000 must be pre-cleared by a procurement specialist at PSB or by any other procurement specialist outside PSB appointed by the Chief, PSB with the approval of the Field Office Manager prior to being issued.

Distribution of solicitation documents

The solicitation documents shall be issued and distributed simultaneously to all suppliers, by mail, courier, fax, or email, and be made available electronically on UNGM (in the case of "open international competition", see [section 6.2.1](#)), with a view to giving all suppliers the same opportunity to respond.

In "limited international competition" (see [section 6.2.2](#)), the solicitation documents shall solely be made available to the suppliers on the short list. The solicitation documents shall be issued and distributed simultaneously to all suppliers, by mail, courier, fax, or email, or be made available electronically on the internet, with a view to giving all invited suppliers the same opportunity to respond.

Where the solicitation documents state that offers are accepted by email, a dedicated email address for receipt of offers must be created. The email address must be specified in the solicitation documents, and it must be made clear that only offers sent to the dedicated email address will be accepted. An individual not directly involved in the procurement process, and duly authorized by the Field Office Manager or Chief, PSB (see [Authorization to receive offers](#)

form) must have the sole access (through password protection) to the dedicated email. For confidentiality reasons, bids should be printed after the bid deadline just before they are officially opened, and put in a sealed envelope.

Confidentiality of the short list

In a case of a limited competition where the solicitation documents are only being made available to a short list of selected suppliers, UNFPA shall not disclose the names of any short-listed companies. The number of short-listed companies may be disclosed to the suppliers in the short-list but not their names.

6.6.2 Solicitation of offers in situations of direct contracting

When direct contracting is justified because one or more than one of the exceptions to the use of formal methods of solicitation under UNFPA [Financial Rule 115.5](#) apply (see [section 6.8](#), Exceptions to the use of formal methods of solicitation), an offer is requested from only one supplier. Nevertheless the appropriate standard solicitation documents or standard instructions to bidders and General Conditions of Contract must be sent to the supplier in order to ensure inclusion of all details, and awareness of UNFPA's expectations and requirements.

6.7 Communication with vendors

6.7.1 Queries from suppliers, pre-bid conference and site inspection

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

Queries from suppliers must be handled by correspondence and/or by a pre-bid conference followed by written minutes made available to potential bidders. Bidders seeking clarifications by phone should be discouraged to do so and asked to submit written requests.

Suppliers requiring clarifications to the tender documents must submit their queries in writing to UNFPA. UNFPA 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 UNFPA and the suppliers could be held in addition to, or instead of, issuance of written clarifications. Such a conference may be in the form of a meeting or a site inspection. When conducting a pre-bid conference or site inspection, the following instructions must be adhered to:

- 1) 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.
- 2) 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). Where such conferences or site inspections are not mandatory non

participation of bidders to pre-bid conference or site inspection is not a cause for eventual bid rejection. If participation in the pre-bid conference or site inspection nevertheless is made mandatory, care must be taken to require participation in the pre-bid conference or site inspection in a manner that is non-discriminatory. For this purpose, utilisation of systems such as videoconference, teleconference and such is encouraged for pre-bid conferences whenever possible.

- 3) The representatives who choose to be present during pre-bid conference or site inspection shall bring along reasonable evidence that they represent the potential bidder; e.g. business card, letter of authorization, etc.
- 4) UNFPA officials will prepare a list of the representatives attending the pre-bid conference or site inspection and obtain their signatures on the same. The list shall also contain the representatives' names and corresponding bidders' names. This list should be signed by all participants indicating date and time.
- 5) UNFPA Personnel in attendance, the observers from the client/donor and the bidder representatives present should be introduced.
- 6) With regard to submission of bids, suppliers should be reminded of important considerations such as the need to:
 - Provide in their bid contact details (in particular name, direct email address and telephone 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 which do not seem reasonable; so that UNFPA can revert to the client on time 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.
 - Be informed at pre-bid conferences of errors commonly made by bidders as well as pass on other advice regarding the making of a valid bid.
- 7) With regard to supplier eligibility, participants should be advised that bids from ineligible or suspended suppliers will not be considered.
- 8) Written queries from suppliers may be forwarded to UNFPA prior to the conference or inspection. Responses to the written questions shall be given verbally during the conference or inspection.
- 9) Within a reasonable time after the conference or inspection UNFPA must send a full set of the approved minutes, recording all queries and formal replies simultaneously to all suppliers whether present at the conference/site inspection or not. 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. In the case of open bidding the approved minutes must be posted on UNGM, if applicable.
- 10) 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.

6.7.2 Amendments to solicitation documents

At any time before the deadline for submission of offers, UNFPA may, if deemed appropriate, whether on its own initiative or following a request for clarification by a supplier, modify the solicitation documents.

Amendments to solicitation documents of a value exceeding USD 100,000 must be approved by a procurement specialist at PSB or appointed by the Chief, PSB and must be made in good 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 bearing in mind due consideration to the four procurement principles as specified in [section 1.4](#).

In order to ensure that all suppliers deal with the same fact base, amendments of solicitation documents containing changes or providing clarifications or additional information, must:

- (a) in the case of a limited competition, be sent simultaneously in writing to all invited suppliers, and
- (b) in the case of an open competition, be uploaded to UNGM and communicated by email to all suppliers known to have received the tender documents.

Substantial changes, understood as those changes that affect the objective nature of the request, to the requirements may call for re-tendering.

6.8 Exceptions to formal methods of solicitation

In accordance with UNFPA [Financial Rule 115.5](#), the CPO may determine, for a particular procurement activity, that using formal methods of solicitation is not in the best interest of UNFPA when:

- 1) The value of the procurement is below a specified monetary threshold established for formal methods of solicitation (UNFPA [Financial Rule 115.5\(a\)\(i\)](#)). This monetary threshold is USD 50,000. Informal methods of solicitation apply below this threshold.
- 2) 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 (UNFPA [Financial Rule 115.5\(a\)\(ii\)](#)):
 - a. 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 indicated in each request for award and, if available, a current price/rate schedule be provided.
 - b. Proprietary product or service refers to situations where only one source can reasonably meet the needs of UNFPA, in situations where:

- i. proprietary items subject to legal restrictions (i.e. patents and copyrights) are to be procured,
- ii. the goods are available from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods and no reasonable alternative or substitute exists.

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

- 3) 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 (UNFPA [Financial Rule 115.5\(a\)\(iii\)](#)):
 - a. Previous determination means that what needs to be purchased is determined by a previous purchase, e.g. there is no other choice but to obtain the goods or services from the entity that was contracted for the previous purchase (e.g. a piece of equipment was previously purchased and components that can only be obtained from the manufacturer now needs to be replaced; complex services were purchased from a vendor and additional services requiring specific knowledge related to previous assignment now need to be purchased. Only the vendor who performed the initial services can realistically provide the 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 a quantity of additional supplies must be procured, or because of the need for compatibility with existing goods, equipment or technology. The effectiveness of the original procurement in meeting the needs of UNFPA 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, however, 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 as to why standardization is required and reasonableness of costs (e.g. comparison with previous purchase prices, comparison with prices of equipment from other suppliers equivalent in performance, etc.).

- 4) The proposed procurement contract is the result of cooperation with other entities of the United Nations system, pursuant to UNFPA [Financial Rule 115.2 \(b\)](#) and [Financial Rule 115.5\(a\)\(iv\)](#):

The CPO may in appropriate cases, authorize cooperation with a United Nations entity in respect of procurement activities. Reliance on another United Nations entity's procurement decision under UNFPA [Financial Rule 115.2 \(b\)](#) applies to a situation where

a United Nations entity has awarded a contract and UNFPA chooses to rely on that decision to award its own contract.

Justification required: Evidence that the other entity of the United Nations system has awarded a contract and the same prices and conditions are being extended by the contracted entity to UNFPA.

- 5) Offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered by the proposed contractor remain competitive (UNFPA [Financial Rule 115.5\(a\)\(v\)](#)):
- a. The “reasonable period” refers to the period having elapsed since the closing date for submissions under the previous competitive process till the current procurement activity. The “reasonable period” in relation to the use of a previous formal method of solicitation should be limited to six months, unless otherwise justified considering the specific market.
 - b. For goods where the price fluctuates rapidly (raw material, some IT equipment, etc.) the competitiveness of the price must always be properly justified.

Justification required: detailed summary of the use of the previous competitive process and its outcome, reasonableness of costs and prevalent market rates in the area.

- 6) A formal solicitation has not produced satisfactory results within a reasonable prior period (UNFPA [Financial Rule 115.5\(a\)\(vi\)](#)):

The “prior period” refers to the period having elapsed since the closing date for submissions under the previous competitive process which did not yield satisfactory results. The length of the “reasonable prior period” for the applicability of this exception ground will vary depending on the nature and type of goods or services, the market conditions, the likelihood of attracting new suppliers if a retender was to be conducted, security and working conditions in the region to which the goods/services are to be supplied, and any other factor influencing the decision:

- a. In relying on this section, the Officer holding Procurement Authority must ensure that market research was done and be fully satisfied that a re-tender will not yield satisfactory results; and that all facts are placed on record in the justification note.
- b. This exception may not be invoked if six (6) months or more have passed since the closing date for submissions under the previous competitive process that did not yield satisfactory results.

Justification required: detailed summary of the previous competitive bidding process, its relevant dates, its outcome, reasonableness of costs and prevalent market rates in the area.

- 7) The proposed procurement contract is for the purchase or lease of real property (UNFPA [Financial Rule 115.5\(a\)\(vii\)](#)):

Although hotel rooms are not occupied on the basis of a “lease”, this exception from the formal methods of solicitation is applied, by analogy, to the procurement of hotel accommodation.

Hotel rooms and services are typically procured via an RFQ or alternatively through reverse auction bidding using an e-procurement system.

Justification required: copy of relevant solicitation documents (if applicable)/ explanation as to why this specific real property/ hotel accommodation is the most suitable for UNFPA and reasonableness of costs.

- 8) There is a genuine exigency for the requirement (UNFPA [Financial Rule 115.5\(a\)\(viii\)](#)):

The exigency must be the result of special circumstances that were beyond the control of UNFPA, i.e. emergency situations or *force majeure*, or other compelling circumstances which are not due to lack of planning or slow administrative process within UNFPA.

These special circumstances are defined situations which warrant special consideration for the delivery of strategic and time-critical development results. It will most likely occur in countries that are characterized by weak institutional capacities and are unable to deliver basic services to the majority of the population or apply to unforeseen events. Since this situation is context-specific, it will require a judgment call by UNFPA management, at all levels, on the gravity of the situation. The country office should indicate the risks of non-action including on the credibility and reputation of the Fund.

Examples of special circumstances under which genuine exigency can be invoked:

- a. A census (or other event very important to UNFPA's mandate) is coming up and the national authorities are suddenly asking UNFPA at a very late stage to urgently help in providing important inputs to the operations, such as procurement of census equipment, establishment of logistics arrangements, publishing of important notices in media, that must happen before certain deadlines in order not to jeopardize the pre-determined census date (or other important event date). UNFPA must respond to the request to remain a relevant player in the country.
- b. A selected supplier suddenly and unexpectedly notifies UNFPA that the company cannot deliver a product or service on time due to a force majeure situation. The timely receipt of a product/service is considered necessary for key governmental operations (i.e. risk of stock out of contraceptives and/or other key reproductive health commodities or risk of jeopardizing an entire programme which has to be delivered by a certain date) and it is considered that UNFPA has to deliver the goods/services to remain a relevant player in the country. UNFPA has to urgently identify another source of supply.

- c. A local warehouse, customs clearance agent, transportation company or another key partner suddenly goes bankrupt or for other reasons no longer can fulfill his/her contractual obligations. Goods are coming into the port and have to be custom cleared and distributed to avoid high demurrage charges, or goods being destroyed, expired or not reaching the intended population within a key deadline (i.e. stock-out). UNFPA has to urgently identify another provider of services to ensure timely customs clearance, transportation and distribution.

Justification required: explanation as to how exceptions to the use of formal method of solicitation will meet the schedule and of the adverse impact the UNFPA operation/programme would suffer if the delivery schedule were modified to permit the use of formal methods of solicitation, confirmation of reasonableness of costs through comparing prices with previous purchase prices, etc. justification for selecting this particular supplier as opposed to any other.

This ground cannot be invoked where the exigency is due to a lack of planning or slow administrative process within UNFPA.

- 9) The proposed procurement contract relates to obtaining services that cannot be evaluated objectively (UNFPA [Financial Rule 115.5\(a\)\(ix\)](#)):
- a. Services of specific individuals not available through an individual independent contractor contract, including, for instance, a contract for professional services entered into with a company due to availability of a specific expert working in a business corporation.
 - b. Services of specific company to obtain, for example, cutting-edge technology or other new methodologies and as such, there is no possibility of reliable comparison.

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

- 10) The CPO otherwise determines that a formal solicitation will not give satisfactory results (UNFPA [Financial Rule 115.5\(x\)](#)):
- a. Commodities that are in scarce supply can be immediately procured at prices which are not likely to be maintained.
 - b. Extension of scope of services or goods requested in an original contract, made through an amendment in order to ensure continuity in work. Justification for continuity of work is required, i.e. explanation as to why a new solicitation would not give satisfactory results and confirmation of reasonableness of prices (e.g. comparison with previous bids, etc.).
 - c. In a situation where a solicitation exercise was conducted in good faith expecting reasonably that the contract value would not exceed USD 50,000, but in fact did.

The reasons provided above for invoking each of the exceptions under the UNFPA [Financial Rule 115.5](#) a) constitute examples and, therefore, are not exhaustive and may include any other

reason as determined by the CPO or other officers holding appropriate Procurement Authority. The reasons shall be recorded in writing, UNFPA [Financial Rule 115.5 b\).](#)

6.9 Emergencies

[Emergency procurement procedures](#), which require specific CPO approval, are covered by the [UNFPA Emergency Procurement Procedures](#).

6.10 E-Procurement System

E-procurement systems approved by the ICT board of UNFPA and purchased by PSB may be used for the purpose of conducting procurement. In the event that E-procurement systems are used, PSB will issue specific instructions separately.

6.11 UNFPA-specific topics

In case there is a need to place an order for procurement of Emergency Reproductive Health (“ERH”) Kits from stock it is important to consult the [Manual on the Inter-Agency for Reproductive Health Kits for Crisis Situations](#) in order to get the appropriate information on the components of the kits, the quantities that should be ordered as well as on the dimensions of the ready-packed kits for transportation and warehousing information.

If the decision for procurement has been finalized and the funding has been identified, the Country Office should duly complete Part I of the ERH Kits Form, which can be found on the [Procurement Services Branch portal](#). The ERH Kits form also contains the most updated information on the prices of the ERH Kits.

The completed form should be sent to the attention of the PSB Emergency Team at rhkits@unfpa.org for further perusal. If the field office has been contacted by an external partner who expressed the interest in procuring ERH Kits then the ERH Kits form for External Clients should be completed and sent to the Emergency Team for further processing. This form is also available on the [PSB portal](#).

Based on the information received in Part I of the ERH Kits form, the Emergency Team will provide the field office or the external client with a full quotation, including freight and insurance costs and the 5% handling fee.

If the Country Office is in agreement with the quotation and confirms its approval for arranging the dispatch of the kits, the Emergency Team will authorize the supplier to ship the kits to the consignee destination. In the case of external clients, they will have to confirm their agreement with the provided quotation by reverting with a signed copy of the ERH Kits form under Part III.

Also, an external client will transfer the full amount as per the quotation before the Emergency Team can authorize the supplier to dispatch the kits.

For any additional information regarding ordering of Emergency Reproductive Health Kits, the field office shall contact the Emergency Procurement Team at rhkits@unfpa.org.

7. MANAGEMENT OF SUBMISSIONS

7.1 Receipt and safeguarding of submissions

If offers by email are accepted when formal methods of solicitation are used, a dedicated secure email address must be set up, and it must be clearly stipulated in the solicitation documents that offers sent to any other email will be rejected.

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

- 1) received by email other than the secure email specified in the solicitation documents;
- 2) received at any other location or by any person other than those specified in the solicitation documents; and/or
- 3) received after the deadline for submission of bids stated in the solicitation documents.

Prior to bid opening, the sole exception to 3) above (received after deadline) is if a supplier can provide well-founded evidence that every measure has been taken to submit the offer in time, but did not properly reach UNFPA due to circumstances outside of the supplier's control (force majeure, for instance). After bid opening has taken place, please refer to [section 7.6](#)

When using a secure email, these must only be accessed by designated Personnel not directly involved in procurement. This implies that the email must be password protected, and only individuals designated by the Field Office Manager or Chief, PSB know the password (see [section 6.6.1](#)).

If offers are delivered by hand, UNFPA must issue a receipt stating the date and time of delivery.

For procurement value exceeding USD 50,000, an individual not directly concerned with the procurement process in question, must be appointed to receive all offers. The individual must be named in writing in the '[Template for designation of individuals to receive bids and proposals](#)' by the Field Office Manager or Chief, PSB and must be made aware of the importance of confidentiality and integrity of the bid receipt process.

All bids or proposals must be stamped with time and date of receipt, registered in UNFPA's [bid receipt form](#), and placed in a locked container, such as a cabinet or safe, until the opening of offers. Where an electronic filing system does not exist, electronic offers must be printed, put in a sealed envelope, and included in the bid receipt form, with a note stating that they were received by email. Access to the container shall be limited to the Personnel not directly concerned with the procurement process in question and duly authorized by Field Office Manager or Chief, PSB.

When formal methods of solicitation are used offers received by dedicated 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 in question must not have access to the offers until the time of bid opening.

7.2 Modification and withdrawal of submissions

7.2.1 Modification of submissions

Suppliers may modify their offers in writing prior to the submission deadline. The modification shall be submitted in a sealed envelope, or to the dedicated email, and shall be treated by UNFPA like any other offer. Any modification of the offer after the submission deadline shall not be accepted unless such modification is due to obvious errors or omissions as further described in [section 8.9.3](#).

7.2.2 Withdrawal of submissions

Withdrawal of submissions by the suppliers can only be accepted if UNFPA is notified in writing, in a sealed envelope or to the dedicated email, prior to the 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 after the announced deadline for submission of offers shall not be honoured, and in such cases UNFPA shall evaluate the offers together with the others. If the supplier has furnished a bid security, UNFPA shall withhold such security until the issue has been resolved.

If the offer is selected after an evaluation, the bid security must be forfeited, unless the supplier is willing to provide the goods/services offered in its original submission. If no bid security was requested, the issue will have to be solved through negotiations. Legal support must be sought, if required, in order to resolve the matter.

However, in certain cases where the supplier is able to justify the withdrawal of its submission, UNFPA may accept withdrawal after the opening of offer deadline. An acceptable justification could for instance be the lack of capacity to undertake the assignment due to having been selected for other assignments in the same time period. If the supplier could not have foreseen this, UNFPA could accept the supplier's withdrawal of submission, as it might be seen as a responsible action by the supplier to notify UNFPA of its capacity problem.

Further, it should be considered whether it is in the interest of UNFPA to keep the supplier to its offer after the supplier has withdrawn it, as it might perform poorly, for instance due to lack of capacity to undertake the assignment.

In cases where offers are withdrawn after deadline, suppliers shall always be given a written warning that this is not acceptable to UNFPA, and that it may exclude the supplier from future UNFPA tenders. A second warning to a supplier may result in exclusion from future tenders. The Procurement Personnel must consult with the Chief, PSB before issuing such warnings.

7.3 Unsolicited offers – Limited competition

The concept of unsolicited offers 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 UNFPA has not invited to participate) may be accepted as long as:

- 1) The supplier complies with all the requirements of the solicitation documents (i.e. the deadline for submission of offers, the mode of submission, and all other requirements), and
- 2) Upon the request of UNFPA, the supplier submits a written statement, certifying that the solicitation documents have been received from persons other than UNFPA Personnel, recipient government officials, or a United Nations consultant and documenting his/her relationship with the persons from whom s/he received the solicitation documents.

Acceptance of unsolicited offers is entirely at the discretion of the Chief, PSB, or of the Field Office Manager, and only the best interest of UNFPA shall guide the possible acceptance of an unsolicited offer.

However, if a pre-qualification has been conducted, unsolicited offers must not be accepted.

If accepted, the unsolicited offer must be evaluated along with the other offers.

7.4 Opening and recording of submissions

7.4.1 Opening of offers

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

Normally, offers should be opened immediately after the deadline for submission, or shortly thereafter (a few hours). Hence, it is recommended that the address for submission and the one for opening of offers is the same.

When during the solicitation period the same bidder submitted several offers superseding each other, only the last received offer shall be opened. As long as opening of offers has not taken place, offers shall be kept by the individual in charge of bid receipt and shall be handled in a confidential manner. Offers shall not be shared with the bid evaluation team or Procurement Personnel until they have been opened.

7.4.2 Bid opening panel

When formal methods of solicitation are used, offers are to be opened by a bid opening panel.

In order to ensure impartiality of the proposal opening process, a bid opening panel composed of at least two Personnel (of which one may be from a different United Nations agency/fund/program) and where at least one individual has no involvement in the subsequent stages of the procurement process, must be formed for the opening of the bids or proposals. The panel must be appointed by a procurement specialist in the professional category (at PSB) or by the Head of Office (country offices and other business units).

During bid/proposal opening meeting, the panel should identify any immediately detected omissions or defects in the offers and record them in the bid opening report.

The bid opening panel shall be provided in advance with a copy of the solicitation documents and subsequent amendments, if any, as well as the [bid receipt report](#). Offers cannot be rejected or invalidated at the time of bid opening. Such a decision can only be taken by the bid evaluation panel. During bid opening meeting, the panel should identify any immediately detected omissions or defects in the offers and record them in the [bid opening report](#) (ITB) or [bid opening report - Technical](#) (RFP). These reports shall be filled out and signed by the members of the bid / proposal opening panel.

Handling of offers is in its nature confidential, and it is essential that any information gained in the process be kept confidential.

Special considerations depending on the method of solicitation:

For ITBs:

- Bidders may be allowed to attend bid opening for the sole purpose of observing the proceedings. If the prevailing security situation in the country is such that public opening may pose a threat, the Head of Office, after consultation with the Chief of Security, may decide to waive public opening of the bids.
- The name of the bidder and the total amount of the bid should be read aloud and recorded along with discounts in the [bid opening report](#).
- Once the proposal opening has been completed, the bid opening panel hands over the opened bids to the bid evaluation committee.

For RFPs:

- Bidders may not attend the opening of proposals.
- Technical proposals are opened first.
- The name of the bidder should be read aloud and recorded, along with the documentation received with the technical proposal, in the [technical proposal opening report](#).
- Once the proposal opening has been completed, the bid opening panel hands over the opened technical proposals to the technical bid evaluation committee, which proceeds with technical evaluation of the bids.
- Once the technical evaluation has been completed, the bid opening panel will reconvene and proceed with the opening of the financial proposals and record the price information in the [financial bid opening report](#).

7.4.3 Opening of quotations - RFQ

For RFQs, an informal method of solicitation, no bid opening panel is required and offers do not need to be recorded in a bid opening report.

7.4.4 Opening of bids - ITB

If bids have been obtained pursuant to an ITB, and the value of the procurement is expected to amount to USD 100,000 or more, the bids shall be opened publicly at the time and place specified in the ITB and immediate record made thereof.

Only those suppliers who have submitted bids may attend the bid opening, however, the bidders may authorize a local agent, embassy or trade commission (also referred to as observers) 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.

UNFPA's [Bid Opening Report template](#) should be used for compiling the bid opening report. This report, available to all bidders, must record the following information for each of the received bids):

1. bidder's name and country;
2. name of the product(s);
3. currency of bid, total bid price, and basis for quotation (Incoterm FCA, CPT, etc., if relevant). When a tender comprises several lots, total prices for individual lots must be recorded;
4. discounts, if any proposed by the supplier;
5. comments on incomplete bids or other matters observed by the bid opening panel
6. date and time of the opening;
7. names of all UNFPA individuals attending;
8. names and signatures of suppliers present or represented;
9. names of any representatives of the client, government or funding source present (if applicable).

A bid opening report must be completed whether the opening of bids is public (over USD 100,000) or not (below USD 100,000).

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

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 offers for a period of thirty days from the date of the opening.

No information that is not included in the bid opening report can be given to bidders.

If a two-envelope system is used for an ITB where suppliers are requested to submit their technical and commercial (financial) offers separately in two sealed envelopes, the submission should be considered equivalent to an RFP submission, and no public opening of technical and financial offers is required.

7.4.5 Opening of proposals – RFP

Due to the two-envelope system where financial proposals are not to be opened without the completion of a technical evaluation, a public opening of proposals received is not necessary. Thus, in the case of an RFP, only the technical proposals are opened as a first step of the opening, while the financial proposals are kept sealed by the individual in charge of receiving bids.

A separate opening of the financial proposals (can be done by the same bid opening panel which opened the technical proposals) is to be conducted after completion of the technical evaluation.

Upon receipt of the two envelopes, the individual in charge of receiving bids will forward all technical proposals to the panel in charge of performing the technical evaluation, typically, placed in the location where the requisition emanates from.

The opening of technical proposals is recorded in a [technical bid opening report](#) containing the following information:

1. Bidder's name and country;
2. Description of the services / products;
3. Quantity and name of submitted documents;
4. Comments on incomplete proposals or other matters observed by the bid opening panel (including proposed deviations to the general conditions of contract);
5. Date and time of the opening;
6. Names of the UNFPA Personnel present;
7. Names of any representatives of the client, government or funding source present (if applicable).

The technical proposal opening report must be signed by each member of the 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. After the completion of the technical evaluation, and prior to the opening of the financial proposals, it is not necessary or a requirement to contact bidders to attend the opening session.

The financial proposals corresponding to the technical proposals meeting or exceeding the set qualification threshold are opened in a separate opening session and the [financial bid opening report](#) must be signed by each member of the financial bid opening panel, and kept on file.

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

1. bidder's name and country;

2. description of the services / product(s);
3. currency of bid, total bid price, and basis for quotation (Incoterm FCA, CPT, etc., if relevant). When a tender comprises several lots, total prices for individual lots must be recorded;
4. discounts, if any proposed by the supplier;
5. comments on incomplete bids or other matters observed by the bid opening panel;
6. date and time of the opening;
7. names of the UNFPA individuals present;
8. names of any representatives of the client, government or funding source present (if applicable).

Once the financial opening of the offer has been completed, the report shall be available for viewing by bidders whose financial bids were opened for a period of thirty days from the date of the opening.

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.

7.5 Rejection of submissions

Invalid bids and proposals must be rejected by the evaluation team. UNFPA will not accept offers after the date and time stated as the deadline for submission of offers. Offers received after the designated date and time must be rejected and the supplier informed accordingly by UNFPA. Bid securities have to be returned to the bidders.

Reasons for rejection of the offer must be given to the bidder so they can comply in the proper manner in future.

The exception to this rule will apply if the supplier can provide clear evidence that every reasonable measure has been taken to submit the offer in time, but it did not reach UNFPA due to circumstances outside of the supplier's control (e.g. force majeure), and the bid opening has not yet taken place.

The CPO or other Officers holding appropriate Procurement Authority may, in the interest of UNFPA, reject some or all bids or proposals for a particular procurement action (e.g. if there is evidence of fraudulent action). The reasons shall be recorded in writing. The CPO or other Officers holding appropriate Procurement Authority shall then determine whether to undertake a new solicitation, or to directly negotiate a procurement contract pursuant to UNFPA [Financial Rule 115.5](#), or to terminate or suspend the procurement action, UNFPA [Financial Rule 115.4 b](#)).

7.6 Post-opening

In one particular circumstance after the bid opening has taken place UNFPA shall accept late bids: in the case that it is evident and without doubt that UNFPA is solely responsible for the delay (for example the registry did not hand-over in time bids submitted by mail, or there is

evidence that the UNFPA mail system was down when the bidders tried to submit their bid). In such case, all bidders must be informed of the reason for accepting late bids. Late bids can only be accepted by the Head of Office who shall verify beforehand that UNFPA is solely responsible for the delay.

7.7 UNFPA-specific topics

There are no additional management of submission processes specifically related to UNFPA operations.

8. EVALUATION OF SUBMISSIONS

8.1 Overview

Evaluation is the process of assessing and comparing offers in accordance with the evaluation methodology stated in the solicitation documents aimed at determining which offer best complies with the defined evaluation criteria, and thus, represents the best value for UNFPA.

The evaluation phase must not begin until after the deadline for submission of offers to ensure confidentiality and reduce the potential for fraud in the procurement process.

During the evaluation, the offers are reviewed, compared and ranked. The evaluation process is critical, since it culminates in a recommendation and a request for an award of a contract. For this, coherence between the evaluation criteria specified in the solicitation documents and the method of evaluation used in the end to select a supplier must be maintained. Evaluation criteria can under no circumstances be altered during the evaluation process. A change of evaluation criteria during evaluation goes against the principle of transparency of the procurement process and conflicts with the principles of fair and equal treatment of suppliers.

The evaluation process should be undertaken by a committee ([see section 8.2](#)).

Upon receipt and opening of offers, the evaluation of offers must be conducted according to the evaluation criteria and method defined in the solicitation 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. This provides the basis for an objective and transparent evaluation process.

The evaluation process comprises the following steps:

1. Establishment of evaluation team;
2. Receipt of opening report;
3. Preliminary evaluation;
4. Technical evaluation;
5. (Post)qualification;
6. Commercial (Financial) evaluation;
7. Clarifications, if required;
8. Identification of the winning offer;
9. Evaluation report;
10. Negotiation, if applicable.

Evaluation of offers should be completed before the validity of the offers expires. The additional time required for obtaining approval from the Officer Holding Procurement Authority and for issuing the contract must also be taken into account. Bids or proposals must also be valid at time

of contract issuance. In the event that these conditions are unlikely to be met, bidders must be requested to extend the validity of their bid or proposal.

8.2 Evaluation committees

In order to conduct a fair and unbiased evaluation of offers, evaluation must be undertaken by a team consisting of at least three members (a Chairperson and two members) but should not normally exceed five. The Chairperson should be a UNFPA Staff Member.

For local procurement (field offices) one member of the committee should be from another United Nations agency (if at all possible) and the committee should be appointed by the Head of Office via internal communication. For Headquarters procurement (i.e. procurement for Headquarters business units including PSB), the technical committee should not be exclusively composed of members of the same unit and the chairperson must not be the unit head. For procurement conducted on behalf of non-Headquarters business units, the committee can be composed of members of the same unit. All possible actions should be taken to avoid supervisor supervisee representation in evaluation committees to the extent possible.

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

The evaluation team members shall provide objective and independent advice based on their knowledge of the specific subject matter. The evaluation team must be chaired by an experienced individual.

The Procurement Personnel responsible for carrying out the respective procurement process shall prepare evaluation documents in accordance with the evaluation criteria stated in the solicitation documents, and brief the evaluation team members about their role ensuring their familiarity with the applicable evaluation criteria.

The chairperson must remind the team members that deliberations of the evaluation committee are strictly confidential, and that information about the content of the submissions or the evaluation process is not to be revealed outside the group of evaluation team members. In particular:

- During bid evaluation, access to bids is restricted only to the members of the bid evaluation committee and to observers;
- Correspondence with bidders must not be shared outside the bid evaluation committee.

Finally, team members must be instructed to immediately indicate if they are in a real or 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 must be replaced.

Representatives from the funding source, the client organization, or national counterparts may be appointed as members of the evaluation team or act as observers. However, UNFPA or United Nations Personnel must always have the majority vote in the evaluation team.

In particularly complex procurement processes (e.g. complex specifications, high bid values, complex post-qualification criteria, etc.), external subject matter experts may be contracted to assist in the evaluation process as one of the team members. Any such external subject matter expert contracted by UNFPA shall count as a UNFPA Personnel for the sole purpose of determining whether UNFPA has the majority votes in the evaluation team.

All [observers](#) or [members](#) in the evaluation team who are neither Staff Members nor United Nations Individual Independent Contractors must sign confidentiality and no conflict of interest statement prior to the evaluation.

8.3 Evaluation criteria

There are three categories of evaluation criteria:

- a) Formal criteria;
- b) Technical and qualification criteria;
- c) Commercial (Financial) criteria.

8.3.1 Formal criteria

Under the formal criteria, offers are checked for compliance with formal conditions stated in solicitation documents such as:

- a) Offers have been properly signed or include documents indicating that the offer is authentic (any unsigned offer submitted without accompanying evidence that the offer is authentic, shall be rejected). A signature evidently executed by someone other than the typed name of the authorized representative on his/her behalf, shall be verified;
- b) Offers are accompanied by the required securities, if applicable;
- c) Supplier is eligible, e.g. duly registered if pre-registration is a requirement, not suspended, etc.;
- d) Offers are accompanied by the required documentation;
- e) Offers are complete, etc. (solicitation documents must clearly state whether partial bids for a given component or lot are accepted);
- f) Offer includes evidence of acceptance of the essential components of the UNFPA's General Terms and Conditions. Proposed changes have to be assessed as acceptable, which may require input from the Legal Unit.

Offers not meeting the formal criteria will be rejected. It is therefore important to carefully consider the formal criteria before issuing the tender documents as it is undesirable to conduct a solicitation process in which no supplier is likely to meet the formal criteria.

Once the preliminary examination of the offers has been made, technical evaluation and verification of qualification requirements as well as commercial (financial) evaluation are undertaken.

8.3.2 Technical and qualification criteria

Technical and qualification criteria are derived from the specifications or TOR, as well as from qualification conditions specified in the tender document.

Depending on the nature and complexity of the procurement to be undertaken, technical criteria may be summarized in a few lines or consist of a long and precise description.

Depending on how clearly the requirements are defined, technical and qualification criteria are developed for evaluation according to compliance/non-compliance or a weighted scoring (see [section 8.4.3](#), Evaluation methodologies). When using the weighted scoring methodology 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). Where the tender document contains mandatory requirements, scoring shall never be performed on such requirements, as these shall always be assessed using a compliance/non-compliance methodology.

Technical and qualification criteria consist of requirements to be met by the bidder, such as but not limited to:

- a) Technical compliance to specifications;
- b) Business license: Copy of a current license in the country of legal domicile as a primary manufacturer of the offered commodity (or a letter from the primary manufacturer authorizing the company as sole agent to bid for and on behalf of the manufacturer). For companies providing services, a copy of the current license to conduct business in the country of legal domicile shall be provided;
- c) Manufacturing and quality certification: If applicable, certification that the commodities are manufactured according to European Standards (CE), International Organization for Standardization (ISO, including applicable standard number), WHO, and/or Good Manufacturing Practices (GMP) standards. Other certification, for example by the United States Food and Drug Administration (FDA) and the European Commission (EC), may be provided if required;
- d) Previous experience in a similar field and with the same or similar type of requirements: list of major contracts completed within the last three years, especially large institutional contracts with national or private sector purchases (i.e. WHO, UNICEF, UNDP, etc.). Any pending legal claims against any United Nations organization must also be disclosed;
- e) Experience in the geographical region;
- f) Minimum required turn-over;
- g) Minimum requirements regarding value of previous contracts;
- h) Financial stability: audited financial statements from the past three years of operation. Minimum financial profitability and liquidity ratios such as quick ratio (ratio of current

assets and current liabilities) to be no less than one. If the [quick ratio](#) is less than one, the Procurement Personnel must assure through other means that the vendor can execute the contract without incurring financial problems;

- i) Available capacity and equipment to undertake the assignment: Information about monthly production capacity, company's estimated production/delivery lead times from receipt of order to actual delivery, etc.;
- j) Availability of after sales services or agents in the country of delivery;
- k) Qualification and experience of proposed Contractor personnel;
- l) No adverse reports known in the last three years;
- m) Environmental requirements as applicable.

8.3.3 Financial criteria

Price is an important evaluation criterion but the weight of the price depends on the chosen 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 a template for breakdown of cost should be provided. In all cases, required breakdown as well as evaluation criteria must be clearly stated in the solicitation documents.

When the goods or services purchased are for UNFPA's official use (i.e. administrative expenditures such as furniture for an office or goods and services which will be used for a UNFPA-assisted programme), taxes and duties must not be taken into account for the purpose of financial evaluation and must not be paid. See [section 11.2.2](#). Thus, DDP Incoterms must not be specified in the solicitation document.

However, when requested by the funding source in the case of Third Party Procurement, UNFPA may be requested to pay to the vendor the costs of the duties payable for the import of the goods or for the services, and therefore may take into account taxes and duties for the purpose of financial evaluation. This can be accepted under the following conditions:

- i. The agreement with the client allows for such reimbursement and the funding source has provided UNFPA with funds for the reimbursement of such taxes and duties;
- ii. Funds for the services are made available solely by the relevant government (i.e. not by third party donors);
- iii. The UNFPA service constitutes a direct service to the government (not to another United Nations client) for procurement only as procurement agent;
- iv. Goods are not to be used by UNFPA and are immediately transferred to government on consignment in the country.

It is important to note that to make such a determination would require a very careful review of all engagement documentation to ensure that all such conditions are met. Confirmation that all conditions are met must be cleared by the Legal Unit, after submission by the UNFPA field office of a note accompanied by supporting documents indicating that the required conditions are met.

Should the conditions be met, it would be appropriate for UNFPA to take duties into account for the purpose of financial evaluation and subsequently to pay duties without being potentially accused of abusing privileges and immunities.

8.4 Evaluation methodology

UNFPA Financial Rule 115.4 a) provides for award of procurement contracts on the basis of formal methods of solicitation:

“The award of a procurement contract shall be made after due consideration has been given to the general principles in Regulation 15.2 and in accordance with the following:

- i. When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the lowest cost to UNFPA.
- ii. When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposals, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.”

UNFPA Financial Rule 115.5 a) and b) provide for award of procurement contracts on the basis of exceptions to the use of formal methods of solicitation:

“The CPO may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of UNFPA.... and when a determination is made, the CPO shall 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 vendor whose offer substantially conforms to the requirement at an acceptable price.”

8.4.1 Selection and award

It must be clearly stated in the solicitation documents how contracts will be awarded (e.g. to the lowest priced, most technically acceptable offer; to the lowest priced substantially compliant offer; or to the offer scoring highest overall), and which criteria will be applied in the evaluation to determine compliance or technical rating to allocate points.

When using a weighted scoring, a breakdown of percentage or points allocated to each overall criterion must be clearly stated in the solicitation documents (e.g. experience xx points, approach and methodology xx points, qualifications and competence of proposed Contractor personnel xx points). The weight of the technical proposal may never be:

- a) more than 70% of the score, and
- b) less than the weight of the financial proposal.

If the requirements are divided into components or lots, it is imperative that the solicitation documents state whether the contract will be awarded to the supplier offering the best offer for all components or lots, or whether the contract may be awarded per component or lot.

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

When determining whether or not to split the contract, possible savings from purchasing items at a lower price must be compared with the transaction cost to UNFPA of placing several contracts as well as with supply chain, logistical, compatibility, and warranty issues related to the contracts.

8.4.2 Material deviation

UNFPA must ensure that bids are only rejected whenever deviation to the requirements is material (see below). In order to achieve value for money, it is important not to disqualify bids solely for non-material (minor) deviation(s).

A material deviation is one that:

- a) would affect in any substantial way the scope, quality, or performance of the goods and related services specified in the contract; or
- b) would limit in any substantial way, inconsistent with the bidding documents, UNFPA's rights or the bidder's obligations under the contract; or
- c) if rectified would unfairly affect the competitive position of other bidders presenting substantially responsive offers.

To this end, bid evaluation committee chairpersons must have a clear understanding of what represents a material deviation.

During examination of the offers (preliminary, technical and commercial) consistency must be applied when determining whether a deviation is material or not, for the sake of fairness and transparency.

UNFPA bid evaluation chairpersons should identify material deviations during each phase of the bid evaluation process: Preliminary examination, Technical evaluation, and Commercial evaluation, as described in the next sections.

Any other deviation should not be considered as material, i.e. clarifications may be requested by the bid evaluation committee and 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. When bidders are requested to submit clarifications or missing historical information or documents, it is important to give bidders an acceptable deadline. Once the deadline is past without satisfactory response, the bid evaluation committee must reject the bid.

8.4.3 Evaluation methodologies

Depending on the chosen mode of solicitation, various evaluation methodologies emphasizing different criteria in the evaluation of the submitted offers will apply, UNFPA [Financial Rule 115.4 a\)](#).

The evaluation methodologies used for the respective methods of solicitation are as follows:

- 1) Shopping: Lowest priced most technically acceptable offer methodology;
- 2) RFQ: Lowest priced most technically acceptable offer methodology or Cumulative analysis methodology if a 2-envelope solicitation is used (for procurement of services);
- 3) ITB: Lowest priced substantially compliant offer methodology, UNFPA [Financial Rule 115.4 a\) i\)](#);
- 4) RFP: Cumulative analysis methodology, [UNFPA Financial Rule 115.4 a\) ii\)](#).

The table below gives further details on when to use which evaluation methodology.

REQUIREMENT	SOLICITATION DOCUMENT	EVALUATION METHOD	ONE/TWO-ENVELOPE SYSTEM
Requirement under USD 5,000 (USD 10,000 for Headquarters or RO)	None	Lowest priced most technically acceptable	Shopping; no requirement for written offers
Requirements between USD 5,000 (USD 10,000 for Headquarters procurement) up to USD 49,999	RFQ	Lowest priced most technically acceptable or Cumulative analysis methodology if a 2-envelope solicitation has been used	No requirement for sealed offers. For services, a two-envelope approach can be used
Requirements at or above USD 50,000 for goods or services, with standard or firm specifications which can be expressed qualitatively and quantitatively	ITB	Lowest priced, substantially compliant. Compliance defined as substantially compliant (no material deviation)	One envelope (default method)
		Lowest priced, substantially compliant. A point system with a minimum threshold defining compliance.	Two-envelope
Requirements above USD 50,000 for goods or services, with requirements that cannot be quantitatively and qualitatively expressed	RFP	Cumulative analysis. All factors considered, most responsive offer to the requirements set forth in the solicitation documents.	Two-envelope

Table 3: Various evaluation methodologies

8.4.3.1 Lowest priced, most technically acceptable offer methodology (Shopping and RFQ)

When using this methodology, price serves as the overriding evaluation criterion upon which to award a contract for the goods or services that meet the requirement. However, in order to provide a more flexible method for selecting suppliers for procurement of a relatively low value (not exceeding USD 49,999), the RFQ modality allows selection of the most technically acceptable offer in cases where none of the offers received fully meets the requirement

specification (where under an ITB the option would be re-tendering). However it should be borne in mind that this methodology does not permit the selection of a substantially non-compliant proposal if a substantially compliant offer exists.

8.4.3.2 *Lowest priced, substantially compliant offer methodology (ITB)*

This method of evaluation is generally used for the evaluation of goods and well-defined services, where bids are solicited using an ITB and where:

1. requirements are clear and can be quantitatively and qualitatively defined;
2. compliance is easy to determine;
3. price/cost of substantially compliant offers is the overriding evaluation criterion.

The lowest priced compliant offer methodology consists of the following steps:

- i. Determining which offers are substantially compliant, and rejecting non substantially responsive offers. Only bids offering goods/services meeting or exceeding the requirements in the specifications and the qualification requirements shall be considered substantially compliant;
- ii. Choosing the lowest cost offer among the substantially compliant offers.

At UNFPA, a one-envelope system (where bidders submit one offer including all technical and commercial (financial) information must be used when applying this method of evaluation. Exceptionally and when a valid reason exists, a two-envelope system can be used (see [section 6.3.2](#) and below).

- Determination of compliance

Compliance in this context refers to whether or not the offer substantially meets the quantitatively and qualitatively defined criteria as per the requirements (specifications/TOR, etc.) and other qualification criteria as stated in the solicitation documents. If the offer complies with all the criteria specified in the solicitation documents, the offer is deemed substantially compliant, and a comparison of prices of all substantially compliant offers can be conducted.

In the case of more complex requirements when a threshold is used to determine compliance, a two-envelope system where suppliers are requested to submit their technical and commercial (financial) offers separately shall be used. Thus, when using this method for more complex purchases, a point system must be established prior to the issuance of the solicitation documents, and the solicitation documents must include information about the evaluation criteria, the point system, and the number of points allocated to the various evaluation criteria. Further, the solicitation documents must establish a threshold of points for compliance. It is also possible to provide for separate thresholds for individual criteria. Offers scoring below the stated threshold in the evaluation, are determined to be substantially non-compliant, and must be eliminated from further evaluation. The envelope containing financial information is not to be opened for those offers that do not meet or exceed the threshold.

- Selection of the lowest priced, substantially compliant offer

When compliance has been determined, and non-compliant offers have been eliminated from further evaluation, UNFPA must select the lowest priced, substantially compliant offer, whether a one envelope or a two-envelope system has been used. In the case of a two-envelope system, the lowest priced offer of all the technically qualified offers (i.e. having met or exceeded the threshold) shall be recommended for contract award.

All pricing details requested from the supplier are taken into account to determine the correct price to evaluate upon. Various factors such as the price of the goods combined with the freight cost up to the final destination, and the full life-cycle cost could be taken into account (if specified as evaluation criteria). The item price stated in the offer is not necessarily the price to base the evaluation upon. It must be clearly stated in the solicitation documents which price factors will be considered for the evaluation.

Various price factors to be considered:

a) Freight:

When including freight in the requirements, evaluation must be made on the total cost, delivered to final destination, taking into consideration the Incoterm planned to be utilized. In such situations UNFPA must evaluate different scenarios and price combinations.

b) Life-cycle costs:

The full life-cycle cost of a product typically takes into account costs associated with the purchase and use of the product:

- product cost,
- freight cost,
- operational cost (e.g. electricity, fuel, consumables),
- installation and training cost,
- maintenance cost (e.g. after sales services, repair, spare parts),
- life-time cost of a product,
- disposal cost,
- cost of financing (i.e. if it's a rent),
- etc.

- Selection of the lowest priced, substantially compliant offer for multiple schedules/lots:

Where multiple lots are being tendered in one solicitation and individual bidders are likely to bid for more than one lot, the tender must address the issue of how UNFPA will award lots where a supplier does not meet all post-qualification criteria (e.g. capacity, turn-over requirements, etc.) for all the lots for which it is lowest priced, substantially compliant. The usual way to do this is to state in the tender that where a supplier bidder does not meet all post-qualification criteria to perform all lots for which it is lowest priced substantially compliant, UNFPA will award each of the affected lots in a manner which achieves the best overall value-for-money combination for UNFPA.

In practice this means 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 the post-qualification stage of the evaluation it is determined that the bidder does not meet some post-qualification requirements for the offered lots (e.g. turn-over requirement, etc.), UNFPA 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 post-qualification requirements as stated in the tender document (e.g. production capacity, turnover, maximum contract value, etc.).

8.4.3.3 Cumulative analysis methodology (RFP)

Under the cumulative analysis method, a total score is obtained upon the combination of weighted technical and financial attributes of proposals. The bidders' offers are evaluated and points granted based on how well the offers meet the criteria defined in the solicitation documents.

This method of evaluation is used when offers have been solicited on the basis of an RFP, and it is necessary to undertake a more complex evaluation based on a number of variables of differing importance.

The method is typically used for the procurement of services, where the relative importance of each evaluation criterion needs to be weighted. It can also be used for the evaluation of offers for complex goods requiring the evaluation to be based on a number of criteria other than price in order to ensure best value for money, and where it is difficult to evaluate an offer on the compliant/non-compliant scale only.

The method requires a two-envelope procedure where bidders are requested to submit their technical and commercial (financial) offers separately in two sealed envelopes. The evaluation of the technical offers shall be completed prior to the opening and evaluation of the financial offers.

The solicitation documents shall state the number of points available for the technical and the financial proposals respectively. The technical proposal is to be evaluated using predefined evaluation criteria. The evaluation criteria are to be defined in the solicitation documents together with information about the number of points assigned to each of these criteria. Where the solicitation document contains mandatory requirements, scoring shall never be performed on such requirements, as these shall always be assessed using a compliance/non-compliance methodology.

Under this method of analysis, price is one of the evaluation criteria but not the determining factor. In general, the more complex the assignment, the more significant the end product, and the less comparable the proposals, the less influence price should have on the selection, and the points allocated to the financial proposal would be lower. For tasks of a more straightforward nature, price can play a significant part in the selection process, provided that the other criteria are also met.

The total number of points available for the technical proposal is normally higher than the total number of points available for the financial proposal. This way the risk of selecting a non-performing supplier is reduced, and the saving achieved by selecting the lower priced offer is not outweighed by the implications caused by a non-performing supplier. Thus, the financial proposal is given between 30 and 50 percent importance.

The financial offer shall be opened only for those offers where the scores in the technical evaluation meet or exceed the stated threshold, usually 60 percent of the points available for the technical proposal. For those offers where the technical proposal does not reach the minimum specified score, the corresponding financial offer is not eligible for further consideration, and must not be opened.

The maximum number of points assigned to the financial proposal is allocated to the lowest priced proposal. All other price proposals receive points in inverse proportion according to the following formula:

$$p = y \times \mu / z$$

where:

p = points for the financial proposal being evaluated
y = maximum number of points for the financial proposal
 μ = price of the lowest priced proposal
z = price of the proposal being evaluated

The proposal obtaining the overall highest score after adding the score of the technical and the financial proposals is the one that offers best value for money.

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.

The evaluation team should eliminate offers in the following situations (material deviation):

- 1) Lack of proper bid securities in terms of change in the wording, amount, validity period. Change in the wording that is consistent with the prescribed format is not a material deviation;
- 2) Absence of bid form, change in the wording or lack of signature of key portions 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;
- 3) The bidder indicates in the offer that it does not accept important contract conditions;
- 4) Non historical documents (documents specifically related to the tender and that the bidder could not be expected to possess before the solicitation document was issued; e.g. a bid security) required in the solicitation document have not been provided;
- 5) Non eligibility of the bidder;
- 6) Financial information is included in the technical proposal when using the two-envelope method.

8.6 Commercial (Financial) evaluation

Commercial (or 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.

One-envelope solicitation (ITBs):

In the case of the one-envelope solicitation method, prices of bids which have been found to be responsive further to the preliminary examination shall be compared.

Prior to price comparison the bid evaluation committee must correct arithmetical errors 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 UNFPA 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; and
- 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; and
- 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.

Once price correction has been undertaken, discounts must be evaluated when applicable and currency conversion into one base currency (as specified in the solicitation document) must be done, if applicable.

If the supplier offers early order/placement, or early payment discounts, this is usually not taken into account in the evaluation unless clearly stated in the solicitation document. However, the discounts can be taken advantage of if offered by the selected supplier (i.e. the supplier is

selected based on the regular price without taking discounts into account, but when placing the order, any available order placement discounts are taken advantage of, if possible). However, duration of the validity of the discounts must be considered too.

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 take into account corrected errors, discounts, and any required adjustments.

During price evaluation, a deviation would be considered material in one of the following situations:

- a) The bidder does not accept the required price correction as per the condition of the solicitation document (in which case the bid security of the bidder that submitted the lowest evaluated bid may be forfeited);
- b) Required price components are missing;
- c) The bidder offers a price for less quantity than what is required.

Two-envelope solicitation (RFP and some ITBs):

In the case of the two-envelope solicitation method, the price is evaluated only for those bidders that qualify technically. When using the cumulative analysis evaluation method (RFP), the score of the financial proposal is calculated based on the formula for point allocation. This is not the case for two-envelope ITBs where the lowest priced substantially compliant offer is selected.

During financial evaluation, a deviation would be considered material when required price components are missing or deviate from the requirements (e.g. less number of days for consultancy are offered and priced).

8.7 Technical evaluation

8.7.1 Technical compliance evaluation

Well defined requirements are paramount and usually reward the time and efforts taken to produce correct specifications with easy, fast and successful technical evaluation. Therefore, efforts should be concentrated on defining the correct specifications prior to the start of solicitation process.

One-envelope solicitation (ITBs):

Bids received in response to a one-envelope solicitation 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.

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 and transactional costs.

Once commercial (price) evaluation has been completed for all bids having passed the preliminary examination stage, a master 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 the “N” lowest bids, after price correction (where “N” is decided upon by the evaluation team: normally between three and five bids).

The lowest substantially compliant bid amongst these bids is also the lowest substantially compliant bid amongst all the bids.

If the first batch of “N” bids does not yield at least three substantially compliant bids, a next batch of “M” bids shall be admitted to technical evaluation, and so on, in order to have at least three substantially compliant bids.

In the event that samples need to be taken into account during the evaluation phase, please refer to the [Guidelines on specifications](#) for special guidance.

Two-envelope solicitation (RFPs and some RFQs and ITBs):

In the case of the two-envelope solicitation method, the technical proposal submitted by any bidder would be rejected when the bid does not obtain the minimum required number of points to qualify. The corresponding financial offer cannot be opened. It should then be handled as specified in the solicitation document.

When the two-envelope system is used, the technical evaluation of the proposals and qualifications of the suppliers are done simultaneously.

In the event that samples need to be taken into account during the evaluation phase, please refer to the [Guidelines on specifications](#) for special guidance.

8.7.2 Supplier qualification

One-envelope solicitation (ITBs):

In the case of one-envelope solicitations, qualification of the bidder is done after price and technical evaluation have been performed; therefore this process is often called post-qualification. Thus, this specific process will not be applicable for products subject to a pre-qualification scheme (i.e. pre-qualification of core reproductive health commodities).

Post qualification is only carried out for the bidder(s) with the lowest evaluated bid price lot wise whose bid was found to be technically responsive. Post-qualification consists of checking the background of the supplier(s) identified for contract award after commercial (financial) and technical evaluation in order to ensure that the identified bidder(s) is (are) qualified and capable of successfully completing the contract (i.e. the entity is financially solvent, has the required

experience, has sufficient production capacity, has good standing in the business community etc.).

If the evaluation process is to include a supplier qualification exercise, the solicitation document must clearly state for the sake of fairness and transparency:

- a) that post-qualification of the lowest technically responsive bidder(s) will be undertaken; and
- b) the minimum qualification requirements and the extent of the supplier qualification; and
- c) that offers of bidders not meeting the qualification requirements will be rejected.

The extent of the supplier qualification must be reasonable and related to the value of the contract and the complexity of the specific case.

The following aspects could be considered for supplier qualification purposes:

- 1) Legal and regulatory requirements;
- 2) Technical capability and experience;
- 3) Financial capability;
- 4) Institutional and workload capability.

The bidder(s) whose bid meets all post-qualification criteria for the items or lot for which they submitted the lowest evaluated bid price must be recommended for contract award as they submitted the lowest priced substantially compliant bid.

Solicitation documents for procurement values greater than USD 50,000 shall as a minimum contain the following supplier qualification requirements:

1. Evidence that the bidder is established as a company and legally incorporated in the country; e.g. through provision of certification of incorporation or other documentary evidence (this is not required for companies already registered in national, regional or international Stock Exchanges);
2. Written confirmation from the bidder that the bidder is neither suspended by the United Nations system nor debarred by the World Bank group (if funds are provided by the World Bank);
3. A copy of the manufacturing license of the product, if applicable.

For procurement values greater than USD 250,000, additional requirements should be included regarding financial capability, experience and technical capacity. Bidders should be requested to provide documentary evidence accordingly together with their bid. Examples of qualification requirements are given below. Only those deemed relevant should be incorporated in the solicitation document:

1. Financial Capability:

- a) Reasonable minimum annual sales turnover during any one of the last three years;

- b) Liquidity (quick) ratio: e.g. Current ratio (Current Assets/ Current liabilities) > 1;
- c) Documentary Evidence that the bidder has successfully completed at least one similar contract within the last five years for supply of goods against the lot offered;
- d) Provide contact details of commercial banks and names of contact persons from whom UNFPA could seek feedback.

2. Experience and Technical Capacity:

- a) Registration details of the company;
- b) Company's managerial capability:
 - i) Details of company's managerial structure;
 - ii) Quality assurance systems in place.
- c) Bidder must have manufactured and supplied satisfactorily similar goods to a similar extent of the quantity as mentioned against each schedule during any one of the last three years and the goods should have been in use satisfactorily with no adverse report;
- d) Details of experience and past performance of the bidder on equipment offered and on those of similar nature within the past five years and details of current contracts in hand and other relevant commitments;
- e) Client's certificates in support of the satisfactory operation of the goods as specified above;
- f) Data to support that the bidder has production capacity to perform the contract and complete the supplies within the stipulated delivery period or data to support that it has an installed annual production capacity for the specific item to match the quantities required. To qualify for multiple schedules, the installation capacity requirement shall be the sum of requirements against individual schedules;
- g) Evidence that the bidder is in continuous business of manufacturing/supplying and providing after sale services for goods similar to those offered during the last three years prior to bid opening date;
- h) Brief write-up, backed up with adequate data, explaining available capacity and experience in the manufacture and supply of the required products within the specified time of completion after meeting all their current commitments;
- i) Confirmation that all the facilities exist at the factory for inspection and testing and these will be made available to the purchaser or his/her representative for inspection;
- j) The bidder shall disclose instances of previous past performance that may have resulted in adverse actions taken against the bidder and the manufacturers whose products are being offered by the bidder, in the last five years. Such adverse actions may be treated as unsatisfactory performance history while deciding the award of contract. If no instance of previous past performance has resulted into adverse actions, this must be clearly indicated in the bidder's bid;
- k) A list giving full particulars, including available sources and current prices of spare parts, special tools, etc., necessary for the proper and continuing functioning of the equipment for a reasonable period of following installation.

Examples of qualification requirements for non-manufacturer bidders:

- a) Legally enforceable authorization from the manufacturer assuring full guarantee and warranty obligations as per the tender conditions for the goods offered; and
- b) The bidder, as authorized by the manufacturers, has supplied and provided after sales service for similar goods to the extent of at least 20 percent of the quantities indicated in the tender requirements in any one of the last three (3) years, and the goods must be in satisfactory operation;
- c) Financial Experience and Technical Capacity requirements of the manufacturer similar to those mentioned above.

Bidders shall be disqualified if they have made misleading or false representations in the forms, statements and attachments submitted as evidence of the qualification requirements; and/or record of poor performance such as, not properly completing the contract, inordinate delays in completion, unusual litigation history, financial failures etc.

At the stage of post-qualification, bids should be rejected when bidders do not meet the minimum qualification requirements.

Where multiple lots are evaluated the tender must address the issue of how UNFPA will award lots where a supplier does not meet all post-qualification criteria.

Two-envelope solicitation (RFPs and some ITBs):

In the case of two-envelope solicitation, the supplier qualification is typically performed during the preliminary bid examination phase, the technical evaluation itself, and the post-qualification stage (financial stability and reference check).

8.8 Further aspects of evaluation

8.8.1 Indication of potential fraud

While conducting evaluation of bids or proposals, the evaluation panel should satisfy itself that there is no indication of fraud, price-fixing or suspicious actions on the part of some bidders that might point out to the existence of a cartel.

The following are typical red flags indicating risks of collusion among bidders:

- a) Lots are split between bidders; i.e. one bidder is lowest for lot 1, the other for lot 2, etc.; or one bidder quoted for lot 1 only, another bidder for lot 2 only, etc.;
- b) Bank guarantees submitted by different bidders have been issued by the same bank and have almost identical reference numbers;
- c) Details regarding ownership and management in respect of several bidders show that these bidders have same directors, partners, owners, etc.

When there is a clear indication of potential collusion, this shall be reported with no delay to the Chief, PSB and to the Director, OASIS by the chairperson of the bid evaluation team via the procurement authority in the case of local procurement. The Chief, PSB, will then advise how to proceed with the bid evaluation exercise. Please see [section 1.5.5](#).

8.9 Discussion with vendors

8.9.1 Clarifications from suppliers

In principle, offers shall be evaluated based upon the information provided in the offer. However, after the submission of offers, clarifications to the offers are sometimes required from suppliers in order to be able 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.

Clarifications to the contents of the offer may be sought, upon consultation with the supervisor, taking into consideration the principle of equal and fair treatment of the suppliers. The supplier(s) shall not be allowed to change the contents of their offer, but merely provide missing historical documents or minor clarifications enabling the evaluation team to fully understand the offer in order to carry out a fair evaluation.

No change in the price or substance of the offer can be sought, offered or permitted, except as required in order to allow for correction of arithmetic errors discovered by UNFPA. All requests for clarifications must include a reasonable deadline. If the bidder has failed to provide the required information or to reply by the deadline, the offer must be rejected.

During the clarification discussions, no information about offers of other prospective suppliers can be divulged to the supplier.

The discussions shall preferably be conducted in writing, but also in a meeting or via teleconference and videoconference. Regardless of how the discussions are being conducted, all discussions shall be summarized in writing, along with clarifications provided, and kept on file for future reference.

Seeking clarifications from suppliers after receipt and opening of offers should not be mistaken with the modification of offers before submission deadline.

8.9.2 Complaints

Replies to complaints made by bidders during (and after) bid evaluation must be in line with what may or may not be disclosed, as stated in the tender document.

Depending on the nature of the complaints received, the chairperson should consider seeking advice from a procurement specialist at PSB before replying. PSB will seek legal advice from the Legal Unit, as appropriate.

Whenever impropriety is alleged, the chairperson should always send the complaints without delay to the Chief, PSB, as well as to OAIS.

Please also see [section 10.2.3](#) for bid protest procedures.

8.9.3 Modification of offers

As outlined in [section 7.2.1](#), suppliers 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 UNFPA.

However, any alteration of the offer after the deadline for submission of offers shall not be accepted, unless such modification is due to obvious errors or omissions like the ones mentioned below, and the tender instructions allow for such corrections. Here is a list of the most common errors and omissions and how they should be treated:

- 1) Errors in totaling price: The unit prices will prevail, when errors in totaling have been made.
- 2) Apparent errors in price: UNFPA is not responsible for errors in price made by suppliers. However, prices shall be verified in cases where there is reason to believe that there is an error (price too low, too high etc.). 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 without further question. However, should the supplier acknowledge that the price is incorrect; the offer will have to 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.

- 3) Failure of suppliers to provide a piece of information: This shall normally not require immediate rejection of the offer as long as it does not constitute a material deviation. If the supplier does not provide the information upon request, within a stated time limit, the offer shall be rejected. The supplier should be notified accordingly in writing and all communication on the matter be kept on file.

8.9.4 Negotiations

Negotiations are discussions with a supplier after selection of the supplier, but prior to award of contract, with the purpose of ensuring best value for money for UNFPA in the procurement process without compromising the principle of fair and equal treatment of all suppliers.

In principle, negotiations are usually not undertaken when formal methods of solicitation are used. However, in such situations, negotiations can still be justified, for example if only one substantially compliant bid has been received and the price is not deemed competitive, in order to ensure best value for money for UNFPA.

Negotiations can prove very effective in situations of directly negotiated contracts in order to ensure competitive prices.

Negotiations are confidential between UNFPA and the supplier, and no information relating to the negotiations may be revealed by any party.

For negotiations conducted with the selected supplier(s), as a minimum two UNFPA Personnel must be involved. It is recommended that each individual is given roles to play in the negotiations and that prior to negotiations roles and responsibilities for UNFPA individuals are clearly set out to ensure optimum results.

In the rare event that price negotiations take place after the award of contract, the outcome of the negotiations must be recorded to ensure proper audit trail.

Negotiations with the supplier(s) are carried out according to certain procedures, depending on the chosen method of solicitation:

1. When dealing with RFPs

The purpose of negotiations of offers selected based on the 'cumulative analysis methodology' is to ensure that the technical proposal is in line with requirements and that the financial proposal is competitive on all aspects of the price.

Negotiations with the supplier regarding the contents of their offer can only be conducted:

- 1) if provided for in the solicitation documents, and
- 2) with the supplier presenting the winning proposal.

In the negotiations, any deficiency in the offer must be pointed out to 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 (Terms of Reference/specifications) be changed.

If the requirements are changed, the competitive process shall be cancelled, and a new tender process shall be initiated on the basis of the revised requirements.

If due cause exists, negotiations of the financial proposal of the supplier presenting the best offer; i.e. the offer having received the highest number of points (technical plus financial) may be permitted.

Negotiations with the other bidders are not permitted. 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, unless there is a valid reason, as this would contravene the principle of equal and fair treatment of all suppliers.

2. When dealing with ITBs

When the selection is based on the lowest priced, substantially compliant offer methodology, negotiations are generally not permitted.

If due cause exists, negotiations may be permitted only with the supplier presenting the lowest priced, substantially compliant offer. Negotiations with the other bidders are not permitted. Proper justification must be provided and filed in the procurement file explaining the reason why negotiations are conducted in the particular case.

Due cause for conducting negotiations after a formal method of solicitation based on the ‘cumulative analysis’ methodology, would include without limitation, cases:

- of budget constraints, where the available budget is not sufficient to purchase the requested item(s);
- where the highest scoring offer bid is offering additional services which were not required in the solicitation document;
- where DSA rates, travel cost etc. are not in line with standard rates; or
- when there is only one compliant bid and the evaluation team has concluded that the offered price is not reasonable.

Under no circumstances, may negotiations take place for the sole purpose of reducing prices, unless there is a valid reason, as this would contravene the principle of equal and fair treatment of all suppliers.

Due cause for conducting negotiations after a formal method of solicitation based on the ‘lowest priced, substantially compliant offer’ methodology, would for instance be:

- budget constraints, where the available budget is not sufficient to purchase the requested item(s) and supplier agrees to reduce the prices;
- the lowest substantially compliant bid is offering additional services or equipment which were not required in the solicitation document;
- marginal quantity increases leading to quantity discounts (i.e. the tendered quantity can be increased) would require negotiations with the selected supplier; or
- if there is only one compliant bid and the evaluation team has concluded that the offered price is not reasonable.

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-tendering should be the preferred option.

8.9.5 Best and final offer (BAFO)

The BAFO is an optional step in the selection of offers with the objective of enhancing competition and, thus ensuring best value for money. BAFO can be applied when dealing with RFPs or ITBs.

8.9.5.1 BAFO when dealing with RFPs

BAFO can be used in the context of an RFP only if due cause exists, i.e. offers received barely meet the minimum threshold and no clear winner is identified, or offers contain ambiguities, obvious mistakes, deficiencies, etc. All members of the evaluation team must agree to opt for a BAFO before it can be issued.

BAFO is a complex and high risk tool, and must only be used in special cases and by Procurement Personnel with extensive experience in evaluation. BAFO must not be conducted without prior advice from the Chief, PSB.

Upon completion of the overall evaluation, the evaluation team may decide to engage in discussions with all suppliers having passed the threshold of the technical evaluation, to ensure effective competition. A typical situation would be when the evaluation team realises that part of the terms of reference might not have been totally clear to suppliers and was understood differently by suppliers. Suppliers might be asked to submit in a secure way a revised offer further to clarifications provided by UNFPA. This can only be done if UNFPA is satisfied that the lack of clarity of the component of the terms of reference is unlikely to have resulted in a different technical evaluation outcome, should this have been made clear in the first instance, and would not justify a re-tendering exercise.

When the conditions for requesting a BAFO are met, the chairperson of the bid evaluation team shall issue a written request to all qualified suppliers to submit their best and final offer before a specific date and time as a follow up to their initial proposal. Suppliers shall be informed of the deficiencies of their offer and that price increases will not be accepted, and in the event that they decline to alter the terms of their original proposal, such decision will not disqualify them. The suppliers must be given a reasonable period of time to submit their BAFO, taking into account the complexity of the procurement action. The BAFO shall be submitted to a secure email.

The request to submit a BAFO shall not contain any information regarding the evaluation, or any information on the chances for contract award.

Upon receipt of the BAFOs from the suppliers, the evaluation committee shall reconvene and update the technical and commercial (financial) evaluation, as necessary, and shall make a final comparison of the competing offers.

8.9.5.2 BAFO when dealing with ITBs

BAFO for bids selected based on the 'lowest priced, substantially compliant offer' methodology can only be used when the lowest priced substantially compliant bids are for exactly the same price and it is not possible to identify a winner. In such situations, the purpose of BAFO is for UNFPA to be able to make a selection decision.

When the conditions for requesting a BAFO are met, the chairperson of the bid evaluation team shall issue a written request to the lowest substantially compliant bidders to submit their best and final bid within a specific date and time. Suppliers shall be informed that:

- They are not allowed to change the specifications of the offered products;
- They are not allowed to change any bid conditions (delivery time/terms, special conditions, etc.);
- Only the price can be modified.

The suppliers must be given a reasonable period of time to submit their BAFO. The request to submit a BAFO shall not contain any information regarding the evaluation, or any information on the chances for contract award.

The BAFO shall be submitted to a secure email.

Upon receipt of the BAFOs from the suppliers, the evaluation committee shall reconvene and update the commercial (financial) evaluation of the bids, as necessary, and shall make a final comparison of the competing offers.

8.10 Recommendation

Results of the evaluation shall be documented in an evaluation table and summarized in the [evaluation report](#).

The evaluation report documenting the evaluation process shall be signed by all the members of the evaluation panel and kept on file for future reference. 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.

The evaluation report will later be used as the basis for the recommendation of award. An evaluation report typically contains a summary of the evaluation process and its individual steps as outlined above including the point allocation for each offer, if applicable. Important evaluation criteria must be reflected in the evaluation report. 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 on how the winning offer(s), was/were selected.

In the cases when 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.

If there are less than three compliant offers, the evaluation report must include an analysis as to whether the proposed price is reasonable.

8.11 UNFPA-specific topics

There are no additional submission evaluation processes specifically related to UNFPA operations.

9. PROCUREMENT PROCESS REVIEW AND DECISIONS

UNFPA [Financial Rule 115.1\(b\)](#) provides:

“The CPO ... (ii) shall establish review committees, at Headquarters and other locations, to render written advice to the CPO on procurement actions ... The CPO shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.”

Under this provision of the Financial Rules, the following review committees have been established:

- one UNFPA Contracts Review Committee at Headquarters (CRC);
- [UNFPA Local Contracts Review Committees at field offices (LCRCs).]

Furthermore, UNFPA designates the following committees as “review committees” within the meaning of UNFPA [Financial Rule 115.1\(b\)](#):

- Local review committees at field office locations established on the basis of cooperation with other United Nations organizations or agencies are designated as equivalent to UNFPA LCRCs;
- UNDP local review committees at field office locations are designated as equivalent to UNFPA LCRCs;
- Headquarters review committees or similar review committees of another United Nations organization or agency to which UNFPA has delegated the authority to review UNFPA procurement proposals are designated as equivalent to the UNFPA CRC.

The composition and terms of reference of the UNFPA CRC and LCRCs as well as the types and monetary values of procurement actions subject to CRC and LCRC review are described in this chapter.

9.1 Organization of procurement review

9.1.1 Preparation of submission for review and award

In order to facilitate the review process and subsequent award by the Officer Holding appropriate Procurement Authority, documentation must be prepared summarizing the procurement activity including all procurement actions taken, providing adequate justification whenever standard procedures have not been followed, and establishing how the procurement activity has complied with the procurement principles and applicable policies and procedures. The documentation is an important part of the procurement file, and care must be taken to ensure that the documentation provides a complete and exact picture of the actual process.

The documentation should be prepared by the Procurement Personnel responsible for the procurement process. The same person is responsible for ensuring that the information is correct.

Standard formats to be used when requesting approval of contract award:

- For request for awards between USD 5,000 and up to, but not including USD 50,000, the [summary of procurement processes form for PO approval](#) must be used;
- For requests for award greater than USD 50,000 (applicable to HQ procurement only) and for which prior CRC review is not required, the [standard request for award form](#) must be used.
- [Online tool](#) for submission to UNFPA Headquarters CRC. The CRC will provide advice to the CPO who will make the award decision.

Important considerations:

- a. Submissions of award requests to the Officer Holding Procurement Authority when effective competition is not achieved:
When less than three responsive bids or proposals have been received further to the use of formal methods of solicitation, in order to ensure that prices are deemed competitive, the request for award must include the following:
 - Likely reasons for the lack of at least 3 responsive bids; and;
 - Justification of the reasonableness of the price (through market survey, benchmarking with previous purchase prices, comparison with market prices, etc.), and;
 - Plan of action to improve competitiveness of the market in the future.
- b. Self-contained Submission Forms:
Great care must be taken in completing the on-line submission form, ensuring that submissions are self-contained and do not offer contradictory information. A submission which is incomplete or contains contradictory information often leads to CRC having to seek clarification, thereby unnecessarily creating additional work and slowing the review process. Each required field in the submission must be completed.

9.1.2 Terms of Reference

The LCRC and CRC shall review proposed procurement actions requiring review with regard to compliance with:

- (a) the regulations, rules, policies and procedures of UNFPA relating to procurement;
- (b) the procurement principles as per UNFPA Financial Regulation 15.2 (see [section 1.4](#)).

The CRC also functions as the UNFPA Headquarters Property Survey Board regarding disposal of equipment as defined in the Fixed Asset Management Policy and Procedures. The Terms of Reference of the UNFPA Headquarters Property Survey Board are included in the [Fixed Asset Management Policy and Procedures](#).

The LCRC and CRC do not review or provide advice on the necessity or prudence of the requirement. Such responsibility rests with the Officer Holding Procurement Authority to approve the requisition.

Where a procurement action requires review, no commitment may be entered into before such review has been completed and a final decision on the award has been taken by the relevant Officer holding Procurement Authority.

9.2 Membership/Composition

9.2.1 Composition of Local Contracts Review Committee (LCRC)

Where possible, each UNFPA field office should submit procurement proposals requiring LCRC review to existing review committees established jointly by United Nations organizations or agencies for that purpose, or to the UNDP local review committee. In such cases, the relevant committee shall review UNFPA submissions by reference to the UNFPA [Financial Regulations and Rules](#) as well as these UNFPA Procurement Procedures. In all other regards, the rules of procedure of the relevant review committee will apply.

Alternatively, the CPO may establish a UNFPA LCRC in the event that no joint review committees exist or when the UNDP local review committee is not willing to review the UNFPA cases. The Field Office Manager must present a [request](#) through its Regional Office to the CPO with a detailed justification for authorization to set up a separate UNFPA LCRC. This request should have the prior written support of the Resident Coordinator. The decision and authority to establish this request lies with the CPO.

The LCRC established by UNFPA requires a quorum of: two Members and a Chairperson appointed by the Field Office Manager, as well as a Secretary. At least one of the LCRC members should be a professional Staff Member of another United Nations organization or agency, preferably UNDP. Any individual involved in the procurement action being reviewed shall be barred from any participation in the deliberations on the submission concerned.

Where neither a UNFPA LCRC nor another United Nations agency local review committee can consider the case, submissions may be routed to the Chief, PSB for review and endorsement.

9.2.1.1 Conflict of interest

Members and chairperson shall disclose any conflict of interest regarding any submission under consideration for the record prior to the beginning of deliberations and, in such case, shall be barred from any participation in the deliberations on the submission concerned.

9.2.2 Composition of Contracts Review Committee (CRC)

- Chairperson: The Chairperson and Alternate Chairpersons shall be appointed by the CPO:
 - The Chairperson, or an Alternate Chairperson in the absence of the Chairperson, shall chair the meeting of the CRC;
 - Acting Chairperson: If neither the Chairperson nor an Alternate Chairperson is able to attend the CRC meeting, the Members present at the meeting may elect an Acting Chairperson from among the Members to chair the meeting. However, in this case the requirement for a quorum as described below remains;
- Members: The CPO appoints the CRC members;

- CRC Secretariat: The Chief, PSB, is the CRC Secretary. He or she may designate Alternate CRC Secretaries. .
- The (Alternate) CRC Secretary:
 - forwards the draft submission, approved by PSB (see below under PSB), to the Legal Advisor for review of the draft submission;
 - when the draft submission is cleared by the Legal Unit and ready for review by the CRC, clears the draft submission for review by the CRC;
 - administers the CRC, including any electronic and/or paperless CRC application;
 - convenes the CRC meetings;
 - shall ensure that meetings of the CRC are audio recorded;
 - prepares the review documentation;
 - forwards the review documentation as approved by the (acting) Chairperson to the CPO.
- The Chief, PSB, or any of the Personnel assigned to PSB and designated by him or her (“PSB”):
 - provides procurement related advice and support to the submitters to ensure that submissions comply with these Procurement Procedures;
 - reviews the draft submission to ensure that it complies with these Procurement Procedures;
 - when the draft submission is ready for review by the Legal Unit, clears the draft submission and alerts the CRC (Alternate) Secretary;
 - participates *ex officio* in the deliberations of the CRC.
- The Legal Unit:
 - reviews the draft submission to ensure that it is conclusive on its face (e.g. use of correct exceptions under UNFPA [Financial Rule 115.5](#); appropriate substantiation of exceptions under UNFPA [Financial Rule 115.5](#); sufficiency of documentation);
 - participates *ex officio* in the deliberations of the CRC.
- Advice and guidance: The Chief, PSB, provides procurement related advice, and the Legal Unit provides legal advice to the CRC. While not members of the CRC, the Chief, PSB, and the Legal Unit or their delegated representatives, shall be present at meetings *ex officio* to provide such advice.

The CRC requires a quorum of: three CRC Members, a (Alternate) Chairperson, and a (Alternate) Secretary. The majority of the quorum must not serve in the same division as the Chairperson.

9.2.2.1 Conflict of interest

At the time of appointment to the CRC, the (Alternate) Chairperson and Members are required to sign the [Declaration of Impartiality form](#).

Members and (Alternate) Chairperson shall disclose any conflict of interest regarding any submission under consideration for the record prior to the beginning of deliberations and, in such case, shall be barred from any participation in the deliberations on the submission concerned.

9.3 Organization of work/Schedule

9.3.1 Schedule of LCRC

The Secretary convenes meetings when deemed necessary. To avoid delaying review of any requirement, a meeting shall be convened within seven days of submission receipt.

9.3.2 Schedule of CRC

The Secretary convenes the meetings on a weekly basis.

CRC meetings may be convened on an urgent basis should operational requirements make it necessary. In such cases, the Chief, PSB shall submit an appropriate request to the (Alternate) Chairperson. In his/her request, the Chief, PSB shall provide the reasons for the urgency. The urgency should not be a result of poor planning or management or concerns over the availability of funds.

9.4 Scope of review

9.4.1 Scope of review – LCRC

The following procurement actions require review by the LCRC:

- Proposed award(s) to a supplier further to the use of formal methods of solicitation, for the purchase or rental of goods, services, or construction, having a value equal to or greater than USD 50,000 but less than USD 100,000. (see [Real Estate Management Policy](#) for further details on the purchase of real estate);
- Proposed amendments or series of amendments to contracts, previously recommended by LCRC, which in aggregate have a value greater than USD 50,000 or which would increase the amount of the contract by more than 20 percent, whichever is less;
- Any proposal for the renewal of an award previously reviewed and recommended for approval by the LCRC;
- LTAs further to the use of formal methods of solicitation for goods and services estimated to have a value of USD 50,000 or above up to but excluding USD 100,000 in any 12 month-period. Any LTA that could reasonably be relied upon by other UNFPA locations or other organizations of the United Nations must be reviewed by the CRC regardless of the estimated procurement amount as the cumulative amount over a 12-month period for the same purpose may exceed USD 100,000;
- Any other proposed award or other matter following a procurement action that a Field Office Manager refers to the LCRC;
- Post-facto matters (see [section 9.9](#)) with total value greater than or equal to USD 50,000 up to but excluding USD 100,000, in order to provide advice to the Officer Holding Procurement Authority on ratification of actions not conforming to the established review and award processes, and/or acceptance of charges against appropriate budgets.

Please refer to [section 1.1.4](#) for the definition of the financial limits and thresholds, in particular for the calculation of cumulative amounts.

For the avoidance of doubt, proposals that require CRC review do not need to be reviewed by the LCRC beforehand.

9.4.2 Scope of review – CRC

The following procurement actions require review by the CRC:

- Proposed award(s) to a supplier further to the use of formal methods of solicitation for the purchase or rental of goods, services or construction, which have a value greater than or equal to USD 100,000 (USD 200,000 for Headquarters- initiated procurement);
- Proposed award(s) to a supplier further to an exception to the use of formal methods of solicitation, which have a value greater than or equal to USD 50,000 (except for leases);
- Proposed amendments or series of amendments to contracts, previously recommended by a review committee, which in aggregate have a value greater than USD 100,000 or which would increase the amount of the contract by more than 20 percent, whichever is less;
- Any proposal for the renewal of a contract previously reviewed by the CRC;
- Notwithstanding section 14.1.4, LTAs for goods and services estimated to exceed USD 100,000 if based on the use of formal methods of solicitation (this amount is USD 200,000 for Headquarters initiated procurement) or USD 50,000 (if based on exceptions to the use of formal methods of solicitation) over a 12-month period. The award of any LTA that could reasonably be relied upon by another UNFPA location or organization of the United Nations must be reviewed by the CRC regardless of the estimated procurement amount;
- Any proposed contract for the purchase of real estate, regardless of value, in accordance with the [Real Estate Management Policy](#);
- Any other proposed contract, lease or rent agreement that requires CRC review pursuant to the [Real Estate Management Policy](#);
- Any other proposal, contract, agreement, or other matter relating to purchasing, renting, or leasing that the Executive Director, CPO or Chief, PSB may want to refer to the CRC;
- Post-facto matters (see [section 9.9](#)) with total value greater than or equal to USD 100,000, in order to provide advice to the CPO on ratification of actions not conforming to the established review and award processes, and/or acceptance of charges against appropriate budgets.

Please refer to [section 1.1.4](#) for the definition of the financial limits and thresholds, in particular for the calculation of cumulative amounts.

Lease contracts and property disposal requests for review of the CRC must be cleared by Facilities and Administrative Service Branch (FASB) for submission to the CRC.

9.4.3 Matters outside the scope of review of the LCRC/CRC

The following procurement actions are not reviewed by either the LCRC or the CRC even if they exceed the applicable monetary thresholds:

- Proposed award relying on a procurement decision of another organization of the United Nations (UNFPA [Financial Rule 115.2\(b\)](#); [section 14.1.3](#)), provided that the regulations and rules of such organization are in principle consistent with those of UNFPA. This includes the reliance by UNFPA on an LTA established by another organization of the United Nations ([section 14.1.4](#));
- Proposed award following the carrying out of common procurement actions together with another organization of the United Nations (UNFPA [Financial Rule 115.2\(b\)](#)), provided UNFPA is not the lead agency ([section 14.1.2](#)), the regulations and rules of such organization are in principle consistent with those of UNFPA and the resulting award does not differ from that of the United Nations organization;
- Proposed award on the basis of a procurement activities carried out by another organization of the United Nations on behalf of UNFPA (“Outsourcing” under [Financial Rule 115.2\(b\)](#); [section 14.1.6](#)), provided that the regulations and rules of such organization are in principle consistent with those of UNFPA;
- Proposed award to another organization of the United Nations ([section 14.1.5](#)).

9.5 Submissions to review

9.5.1 Submission of proposals – LCRC

Submissions should be routed through the Secretary or should be completed in the relevant application or form when the review committee of another organization of the United Nations is being used and shall include:

- [Completed submission form](#) or similar form used locally (document provided here is meant to be a sample form and may differ in specific field offices);
- Background related to the procurement need;
- Summary of the specifications/technical requirements used in the solicitation (and justification if not generic);
- Solicitation method (and justification if not open, competitive, and with sealed bids);
- Analysis/selection process and criteria (and confirmation these were included in the solicitation documents);
- Supporting documentation relating to past performance, should the potential supplier have had a contractual relationship with UNFPA in the past;
- Minutes of any previous LCRC meeting where the submission was discussed;
- Proposed recommendation for award;
- When the supplier that offers the “best value for money” considering all relevant factors, including costs and benefits to UNFPA, is not chosen, justification must be provided per UNFPA [Financial Regulation 15.2](#).

9.5.2 Submission of proposals – CRC

Submissions for the CRC must be completed by the unit requesting contract award in the [CRC online application](#) (or any other relevant application or form when the review committee of

another organization of the United Nations is being used). The CRC online application provides a Checklist for the Procurement Proposal to guide the submitter. Download the [CRC Quick Guide](#). All fields in the CRC online application must be completed and the necessary supporting documentation uploaded through the application.

Supporting documentation relating to past performance shall be included in the submission, should the potential supplier already have had a contractual relationship with UNFPA in the past.

Submissions for the CRC must include an explanation as to how the evaluation criteria stipulated in the solicitation document have been applied, to enable the CRC to review whether the technical and financial scores have been calculated correctly.

Submissions must be approved first by the Department Head (HQ)/Delegated authority (CO), and second by PSB at least one (1) week prior to the CRC meeting (scheduled through the [CRC online application](#)). On an exceptional basis, the Chief, PSB may request the (Alternate) Chairperson to allocate late submissions to a meeting in cases of exigency. Exigency in this context is an exceptional compelling and emergent need, not resulting from poor planning, poor 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. In his/her request, the Chief, PSB shall provide the reasons for the late submission and the exigency.

9.6 Decisions/Recommendations

9.6.1 LCRC

At the LCRC meeting or following circulation as the case may be, the LCRC shall issue recommendations in respect of the submissions by simple majority of the members and the Chairperson. The Secretary does not have voting rights. The signature of the Chairperson and at least one of the two Members on the minutes constitutes the record of the LCRC's recommendation.

The signed minutes are then forwarded by the Secretary to the Officer Holding Procurement Authority to approve the PO who may either adhere to LCRC's recommendation or, in case s/he is in disagreement with the recommendation of the LCRC, refer the matter through PSB to the CRC for further review in accordance with these Procurement Procedures. In such case, the Officer Holding PA must wait for the CPO's or his/her delegate's decision before taking further action, see section 9.6.2.

The LCRC shall decide on any issues of procedure not addressed in these Procurement Procedures in accordance with above stated voting procedures.

9.6.2 CRC

At the CRC meeting or following circulation as the case may be, the CRC shall issue recommendations in respect of the submissions by simple majority. The Chairperson (or

Alternate) votes only in case of a tie among the Members present or to whom the submissions were circulated. The Secretary and the Legal Unit do not have voting rights.

The Chairperson (or Alternate) and the Members present at the meeting or to whom the submissions were circulated approve the review documentation. Review documentation so approved constitute the record of the CRC recommendations, see section 9.2.2.

The CPO shall consider the CRC recommendations and shall take the decision on the award. No commitment may be entered into before the advice of the CRC is acted upon by the CPO. In cases where the CPO or his/her delegate decides not to accept the advice of the CRC, s/he shall record the reasons in writing, UNFPA [Financial Rule 115.1 b\) iii](#).

In the absence of the CPO, the Deputy Executive Director (DED) Programme (“DED (P)”) shall take the necessary decisions. Should the DED (P) be absent, the Executive Director or, in his/her absence, the Officer-in-Charge of UNFPA shall decide. Should the Officer-in-Charge of UNFPA be the (Alternate) Chairperson who participated in the review of the submission, the CPO will authorize another Staff member to perform these functions.

The CRC shall decide on any issues of procedure not addressed in these Procurement Procedures in accordance with above stated voting procedures.

9.7 Minutes/review documentation and circulation

9.7.1 Review and circulation - LCRC

The Secretary is responsible for preparing and distributing a draft of the official minutes of the meeting highlighting action points and including the recommendations for approval or rejection of the submissions to the LCRC.

If the LCRC cannot be convened, the Chairperson, on advice from the Field Office Manager, may decide to circulate the proposals to the LCRC. The practice of circulation is discouraged given that the opportunity for discussion is reduced.

9.7.2 Review documentation and circulation – CRC

The Secretary uploads an audio recording of the CRC meeting (MP3 file or other) to the [CRC online application](#) and prepares draft meeting review documentation. The review documentation shall include action points and the recommendations for approval or rejection.

If a CRC cannot be convened, the Chairperson, on the advice of the Chief, PSB, may decide to circulate the proposal to three Members and the Chairperson or an Alternate Chairperson. In the case where the CRC considers a submission by circulation, the email correspondence of the Members will constitute the review documentation and will be uploaded to the CRC online application. The practice of circulation is discouraged, since the opportunity for discussion is reduced.

9.8 Emergencies and exigencies

[Emergency procurement procedures](#), which require specific CPO approval, are covered by a separate document. The procurement process review related to emergency procurement is explained in that document.

9.9 Post-facto submissions

It is prohibited to enter into a commitment or to effect an award without the necessary prior review by the relevant review committee. Procurement Personnel doing so may be subject to administrative and/or disciplinary action.

Post-facto awards may result in different types of contractual situations, listed below in order of degree of gravity and risk level for the organization:

- a) PO issued/ Contract signed without the required approval but goods not yet shipped or services not yet delivered. Potential risk mitigation: UNFPA can still cancel the contract (or part of it) per contract termination clause;
- b) PO issued/ Contract signed without the required approval and goods/services received. Risk mitigation: UNFPA can only cancel the payment if the supplier has not executed the contract in accordance with the contractual conditions; otherwise payment to the supplier has to be made;
- c) PO issued/ Contract signed without required approval and goods/services received and paid. Risk mitigation: none.

If a commitment has been entered into or an award has been effected without the necessary prior review by the relevant review committee, the contract must nevertheless be submitted to the relevant review committee (*e.g.* LCRC or CRC) for review, albeit on a *post -facto* basis, without delay. It is emphasized that such a *post-facto* submission, while required, does not cure the failure to submit the procurement proposal for review at the correct time in the process.

The submission to the relevant committee must include:

- (a) An explanation of the circumstances resulting in the post-facto submission;
- (b) The reasonableness and acceptability of the procurement activity;
- (c) A confirmation that no financial loss has occurred to UNFPA (or to UNFPA third party procurement clients) as a result of the transaction.

The relevant committee shall review post-facto case with regard to compliance with:

- (a) The regulations, rules, policies and procedures of UNFPA relating to procurement other than the rules and procedures relating to timely LCRC/CRC review;
- (b) The procurement principles.

In addition the LCRC/CRC shall determine whether under the circumstances there was any justification for the failure to submit the matter for review by the review committee at the appropriate time.

In *post-facto* matters, the LCRC/CRC shall issue a recommendation to the officer holding appropriate Procurement Authority as to whether the commitment or award should be ratified.

9.10 UNFPA-specific topics

There are no additional review processes specifically related to UNFPA operations.

10. AWARDS

10.1 Award and finalization

10.1.1 Identification of the winning offer

When using the ‘lowest priced, most technically acceptable’ methodology (Shopping/RFQ), the lowest priced offer determined to be compliant is generally selected as the winning offer.

However, this methodology offers the flexibility of selecting the most compliant technical offer should none of the offers be fully technically compliant.

Exceptionally, selection of a higher priced offer can be justified if the difference in price is less than 10% while the technical qualities of the selected offer by far surpass those of the lowest priced offer.

Selection of an offer other than the lowest priced compliant one requires well documented justification that must be kept in the file for audit purposes.

When using the ‘lowest priced, substantially compliant offer’ methodology (ITB), the winning offer is the lowest priced offer determined to be substantially compliant according to the criteria of the solicitation document defining substantial responsiveness.

When using the ‘cumulative analysis’ evaluation methodology (RFP), the total score obtained, including both technical and financial proposals, is calculated for each offer. The offer obtaining the overall highest score is the most responsive offer and the winning offer.

10.1.2 Suppliers with pending claims, disputes and contentious issues

In the event that UNFPA has a dispute, claim or other contentious issue pending with a supplier, that 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 Chief, PSB may instruct UNFPA 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 Field Office Manager to inform the Chief, PSB of any disputes, claims or other contentious issues between a supplier and the respective UNFPA locations.

The Chief, PSB will take the necessary actions to resolve the issue. Once a dispute, claim or contentious issue has been resolved, all relevant Personnel will be informed, as well as the supplier in question as to the timing and extent to which the supplier may be considered for future UNFPA procurement actions.

10.1.3 Award

The award must only be made by the Officer Holding appropriate Procurement Authority.

Atlas provides UNFPA with one shared, global database containing vendors with which UNFPA has conducted business. All companies, entities, and individuals actually receiving funds from UNFPA are considered vendors of various types in Atlas (as opposed to potential vendors).

Each office is encouraged to keep track of potential vendors in a separate roster outside of Atlas (i.e. [UNGM](#)).

When a supplier is awarded a contract, a [Vendor Profile form](#) shall be filled out and signed by the vendor. The Procurement Personnel shall verify that information submitted is correct by performing reference checks, consulting the vendor's website, brochures, etc. UNFPA has outsourced the process of creating vendors in Atlas. For further information on submitting vendor creation requests, please refer to the [Policies for Vendor Outsourcing Project](#).

The Procurement Personnel shall use the [Vendor Portal](#) to request the outsourcing company to create, modify, or cancel vendors in Atlas. The outsourced company shall only create the vendor in Atlas after verifying with the bank that the submitted banking details correspond to the vendor in question.

10.2 Vendor notification, debriefing and protest

10.2.1 Vendors not awarded

Suppliers that submitted a bid but were not awarded a contract should be, either verbally or in writing, notified by the office having issued the contract as a matter of courtesy given the effort bid preparation takes. When the solicitation is for the establishment of an LTA and no contract will immediately follow the evaluation and award process, UNFPA shall inform in writing the unsuccessful bidders and advise the name and the country of the bidder(s) to whom UNFPA will issue the LTA(s).

Upon request from a bidder UNFPA may provide information to the bidder regarding the strengths and weaknesses of the bidder's offer through debriefing. The information should be limited to identifying technical deficiencies or weaknesses in that bidder's offer, and must not disclose financial or cost information of other offers, nor evaluation scores or other details.

Normally only verbal feedback in response to the bidder's request is given. If the supplier has questions after receiving the verbal feedback, they can make a written request for clarification on specific issues and UNFPA may respond in writing.

10.2.2 Posting of awarded contracts

In order to underpin the principle of transparency, UNFPA shall post on [UNGM](#) information about all awarded contracts above USD 50,000. This step in the process is essential. Omitting to disclose contract award information would undermine the procurement principle of transparency and would be detrimental to the reputation of UNFPA.

The notice of awarded contracts should contain a brief description of the contract, beneficiary country, funding source, the contract amount, the date of the contract, and the name and country of the supplier.

10.2.3 Bid protest procedures

Suppliers perceiving that they have been unjustly treated in connection with the solicitation or award of a contract may protest:

- (1) In the case of local procurement, the supplier may as a first step protest directly to the relevant UNFPA Field Office Manager. The Field Office Manager will review the protest and provide a reply to the supplier, generally within one week. The supplier may forego this step and protest directly to the Chief, PSB.
- (2) In the case of PSB procurement, or as a first or second step in the case of local procurement, the supplier may protest to the Chief, PSB at procurement@unfpa.org. The Chief, PSB may seek all necessary clarifications from UNFPA Personnel and may consult with the Legal Unit. S/he will issue a response to the supplier and may, as appropriate, meet with supplier's representatives to better explain the rationale for UNFPA's decisions.

All suppliers shall be informed of UNFPA's bid protest procedure in the solicitation documents. The Personnel who were involved in the procurement activity in question shall not participate in the review of the protest.

If a protest is submitted prior to contract signature, the contract may not be signed and performance under the contract may not commence until the protest has been addressed. An exception to this procedure may be approved by the Officer Holding Procurement Authority to approve the PO, following prior consultation with the Chief, PSB, if s/he determines that:

- (1) the goods or services are urgently required;
 - (2) delivery or performance would be unduly delayed if a contract is not awarded promptly;
 - (3) the protest, on its face, is frivolous or was made in bad faith;
- or
- (4) a prompt award would be in the best interest of UNFPA.

If a protest is submitted after contract signature, the Officer Holding Procurement Authority to approve the PO shall immediately suspend implementation of the contract pending resolution of the protest unless, following prior consultation with the Chief, PSB, one of the following cases applies:

- (1) uninterrupted contract performance would be in the best interest of UNFPA;
- (2) urgent compelling circumstances which significantly affect the best interest of UNFPA do not permit delay in the implementation of contract; or
- (3) the protest, on its face, is frivolous or was made in bad faith.

If the protest involves allegations of wrongdoing by UNFPA Personnel, the Head of Office shall forward the protest to OAS for its consideration of the protest in accordance with its own procedures (see also [section 1.5.6](#) on fraud prevention).

10.3 UNFPA-specific topics

There are no additional award processes specifically related to UNFPA operations.

11. CONTRACTUAL INSTRUMENTS

11.1 Overview

Per UNFPA [Financial Rule 115.6](#), a procurement contract is a legally binding document between UNFPA and the supplier, and defines, at a minimum, the nature of the product being procured, the quantity being procured, the overall contract and/or unit price, the period covered, conditions to be fulfilled, including the UNFPA General Terms and Conditions, terms of delivery and payment, and those details required to identify the supplier (i.e. name and address). Thus, the contract must reflect the offer made by the supplier in response to UNFPA's requirement, acts as a proof of the obligations made by both parties and protects the interests of UNFPA.

Contracts can be materialized in the form of POs, Contracts for Professional Services, etc., provided that all of the minimum elements required for contract formation are present.

UNFPA model contracts must always be used unless other formats that are routinely used in a specific industry (e.g. contracts for electricity and water provision, etc.) are available and have been cleared by the Officer Holding Procurement Authority to approve the contract in Atlas. For lease contracts, the relevant template (see [Real Estate Management Policy for field offices](#)) must always be used.

Modifications and/or additions to the UNFPA standard contract formats including annexes cannot be made without prior consultation with PSB (or with FASB for Lease Contracts). These offices will seek advice from the Legal Unit, as necessary or appropriate. Care must be taken not to include any requirements or conditions that contradict the UNFPA General Terms and Conditions, or the standard text of any of the documents.

After a solicitation process, a supplier is selected based on an offer. The supplier is offered a contract by UNFPA. Upon signature of the contractual document by both parties, the contract is made legally binding for both parties, provided the contract has been signed (per UNFPA [Financial Rule 115.6](#)).

- on behalf of UNFPA by the UNFPA Officer Holding Procurement Authority to approve the contract in Atlas after an award has properly been made; and
- on behalf of the supplier by its duly authorized officer or agent (see [section 11.2.5](#)).

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 the bidders. A bidder may refuse the request without forfeiting its bid/proposal security. The bid/proposal securities of bidders refusing the request to extend the validity of their bid/proposal must be returned as promptly as possible.

Bidders agreeing to the request will not be permitted to modify their offers 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 security.

When applicable, the bid/proposal security of the successful bidder must only be returned when the bidder has signed the contract and furnished the required performance security, if applicable. The bid/proposal securities of unsuccessful bidders must be returned as promptly as possible thereafter and no later than five working days after the successful bidder has signed the contract and furnished the required performance security.

11.1.1 Financial approvals and thresholds

UNFPA's [Internal Control Framework](#) defines the Expenditure Control Framework applying to creating and approving requisitions and POs.

11.1.2 Communication with suppliers

The purpose of communicating at this stage with the supplier(s) is to clarify any issues remaining unclear and not defined by the requirements in the solicitation documents, either by the supplier's offer, but which are essential for proper implementation of the contract (e.g. defining milestone payments against deliverables). Such communication should result in a clear understanding of the terms and conditions agreed upon by the parties and their respective responsibilities under the contract.

When agreeing on clauses to be included in the contract, care must be taken not to contradict the UNFPA [Financial Regulations and Rules](#) and these Procurement Procedures. However, discussions on pricing issues that may materially affect the outcome of the bidding process are not allowed. Moreover, certain key areas, such as detailed delivery plan, milestones, payment schedule, and in certain cases, special terms and conditions, form typically part of contract discussions.

Where the bidder has not recorded any reservations to [UNFPA's General Conditions for Contracts](#) with its offer, UNFPA may choose not to enter into discussions regarding contract terms proposed by the bidder after selection of the offer.

11.2 Standard contract elements

Standard elements of the contract include:

- a) The specific contract;
- b) UNFPA General Terms and Conditions.

Depending on the nature of the contract, the contract will include other elements, such as technical specifications, Terms of Reference, template for performance securities. For ease of reference, the suppliers' offer might be attached as an annex.

The contract must at a minimum identify the following:

- a) The parties contracting;

- b) Nature of the goods/services being procured and the quantity provided, as well as the terms of delivery;
- c) Consideration (i.e. contract and/or unit price to be paid and terms of payment);
- d) All other elements that are indispensable for the proper and flawless execution of the contract.

11.2.1 General Conditions of Contracts

All contracts issued must stipulate the relevant [UNFPA General Conditions of Contracts](#).

UNFPA General Conditions – Low value Contracts	For contract/PO values below USD 100,000, covering goods and/or services	English	French	Spanish
UNFPA General Conditions – Goods	For contract/PO values equivalent or over USD 100,000, covering goods	English	French	Spanish
UNFPA General Conditions – Services	For contract/PO values equivalent or over USD 100,000 covering services	English	French	Spanish
UNFPA General Conditions – Mixed Goods and Services	For contract/PO values equivalent or over USD 100,000 covering mixed goods and services	English	French	Spanish

Table 4: The 4 sets of UNFPA General Conditions

Any departures from the approved UNFPA General Terms and Conditions for Contracts must be clearly indicated in writing in the contract. Such departures must be approved in writing in advance by PSB (after consultation with Legal Unit). The Officer holding Procurement Authority to approve the PO in Atlas is responsible for seeking such approval in writing.

11.2.2. Taxes and duties

The [Convention on the Privileges and Immunities of the United Nations](#) , Art. II, section 7(a), provides that the United Nations (including its subsidiary organs such as UNFPA) is exempt from all direct taxes. Some countries also exempt UNFPA from indirect taxes. Furthermore, under Art. II, section 7(b) of this convention, UNFPA is exempt from customs duties in respect of articles imported or exported for its official use. This privilege must not be misused in order to benefit a counterpart.

Accordingly, all purchases should be free of any direct taxes (and as far as possible from indirect taxes), customs duties and tariffs. Alternatively, the field office must claim for tax reimbursement from the appropriate national or host country authority. See [section 8.3.3](#) for further details.

11.2.3 Freight

The Incoterms and mode of shipment (sea, air, truck, etc.) must be defined on the PO. When international freight is required, surface freight (by sea or truck) is usually more cost-effective than air freight. If air freight is required to expedite delivery, this usually involves considerable additional cost. Notwithstanding section 12.3.1, air freight should be the exception, and must not be used as a substitute for inadequate planning on the part of the requisitioner. For goods requiring inland delivery, considering ports in neighboring countries as the destination can help with logistics, reduce costs, and lessen damage.

The Incoterm in the contract will determine the content of the [shipping conditions](#) to be attached to the contract. See also [sections 12.2.2 and 12.3.3](#).

11.2.4 Technical specifications/Terms of Reference

Technical specifications and Terms of Reference, where applicable, must always be attached as an annex to the contract, or their contents included in the contractual document.

11.2.5 Signature and issuance

All contracts must be signed:

- on behalf of UNFPA by the UNFPA Officer Holding Procurement Authority to approve the contract in Atlas after an award has properly been made; and
- on behalf of the contractor by its duly authorized officer or agent.

11.3 POs

Goods and/or services requiring creation of a requisition must be converted to a PO in Atlas. [SOP for creating Atlas PO](#)

Every PO for which shipment of goods is required must be accompanied by a copy of the relevant [shipping instructions](#), as well as the relevant UNFPA General Conditions of Contracts:

UNFPA General Conditions – Low value Contracts	For contract/PO values below USD 100,000, covering goods and/or services	English	French	Spanish
UNFPA General Conditions – Goods	For contract/PO values equivalent or over USD 100,000, covering goods	English	French	Spanish
UNFPA General Conditions – Services	For contract/PO values equivalent or over USD 100,000 covering services	English	French	Spanish
UNFPA General Conditions – Mixed Goods and Services	For contract/PO values equivalent or over USD 100,000 covering mixed goods and services	English	French	Spanish

Table 5: The 4 sets of UNFPA General Conditions

11.3.1 Approval

The PO must be approved by an Officer holding appropriate Procurement Authority, as provided for in UNFPA's [Integrated Internal Control Framework](#). The approving officer is required to ensure that the procurement process complied with the applicable regulations, rules, policies and procedures.

11.3.2 Commitment of funds

After the PO has been approved in Atlas, the Procurement Personnel budget checks the transaction. It is the responsibility of the Procurement Personnel to ensure that the budget status is valid – or follow up with the field office to resolve the matter. When the PO is approved and dispatched, the amount of the PO creates a balance in the Commitment Control ledger.

UNFPA adopted the delivery principle for goods and services under IPSAS accounting standards.

Encumbrance balances reflected in the Commitment Control ledgers now represent reserved funds against legally binding commitments and should be used for budget management.

11.3.3 Dispatch of PO

When contracting by PO, the Procurement Personnel is responsible for dispatching the approved and budget checked PO to the vendor. The dispatch can be done using a “.pdf” file attached to an email or fax or printout.

11.3.4 Vendor acceptance

UNFPA should request the supplier to confirm receipt of the PO in writing. This contractor's acceptance of the PO forms part of the legally-binding contract.

11.3.5 Amendment/Revision

Once the PO is issued to the vendor, it is not possible to revise the specifications or contractual commitment without changing costs. No revisions should be made to the approved requisition or PO without prior consultation and agreement between the requesting unit and the Procurement Personnel.

Changes that alter the original requirements should not be made in the form of a PO amendment. In such instances, the initial request must be amended by the requisitioner, re-approved, and budget-checked. Only then can the procurement officer make the corresponding revision to the PO or take other actions. More commonly, the PO must be cancelled and re-entered. The procedure for amending a PO is identical to issuing a new PO.

11.3.6 Payment terms and advance payments

Normal UNFPA payment terms for the procurement of goods are net 30 days upon receipt of shipping documents, invoice and other documentation required by the contract.

For the procurement of services, the payment terms are net 30 upon receipt of invoice and delivery/acceptance of the milestone deliverables linked to payment as specified in the contract.

Except where normal commercial practice or the interests of UNFPA so require, no contract shall be made on behalf of UNFPA which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services.

More details on UNFPA advance payment policy can be found in [section 13.5.3](#).

In certain circumstances, UNFPA may be required to make payment and reimbursements on behalf of an implementing agency under National Execution (NEX). In such situations, there are two modalities to be considered:

- Direct payment to vendors and other third party; or
- Reimbursement to Implementing Partners.

Both of these modalities are processed using a Non-PO voucher in Atlas and the Implementing Partner remains fully accountable for the expenditure. The COA (Chart of Accounts) on the Non-PO voucher should be coded in Atlas to the respective PGxxxx or PNxxxx Implementing Partner code and not to UNFPA. There is no financial threshold for processing the payment.

NEX falls under Programme guidelines; i.e. Procurement Procedures do not apply. For further information please refer to the relevant Programme guidelines or contact the Chief, Finance Branch.

11.3.7 Summary of function, responsibility and delegated authority

The below table provides a summary of the delegated authority and responsibilities for the different Atlas functions.

Function	Responsibility	Delegated Authority
Requisition Creation:	Ensure information is reflected correctly in Atlas.	All UNFPA staff members, irrespective of dollar value
Requisition Approval:	Ensure requested goods/services are in line with UNFPA’s mandate, the country programme action plan, the work plan or the biennial support budget, as well as global or regional programmes and that the proposed expenditures can be charged to the identified chart of accounts.	Manager Level 1: USD 0-4,999 Typically G6-P2
		Manager Level 2: USD 5,000-49,999 Typically P3-P4
		Manager Level 3: USD 50,000 and above Typically P5 and above
PO Creation:	Carry out the procurement process in accordance with UNFPA’s Financial Regulations and Rules and Procurement Procedures.	Procurement, administration, or financial assistant or officer
PO Approval:	Ensure procurement process has been followed, including obtaining the CRC/LCRC recommendation if required.	Manager Level 1: USD 0-4,999 G6-P2
		Manager Level 2: USD 5,000-49,999 P3-P4
		Manager Level 3: USD 50,000 and above P5 and above
Receipt:	Ensure that the goods/services have been received in good order (or legal ownership conferred) so that payment can be effected and the asset can be recorded if applicable.	Procurement or administration, assistant or specialist
Delivery Confirmation (in OTS)	Confirm in the Order Tracking System that the goods/services have been delivered so that the PO can be closed.	Procurement, administration, or financial assistant or specialist

Table 6: Summary of function, responsibility and delegated authority

11.4 Long-term agreements (LTAs)

An LTA is a written arrangement between UNFPA and a contractor. LTAs allow UNFPA to order specified goods or services from the awarded supplier according to a pre-established set of terms and conditions (such as at a fixed price, quality levels, ordering method and lead times), for a definite period of time but with no legal obligation to order any minimum or maximum

quantities. LTAs are also often designed to provide immediate stock availability in case of emergency.

LTAs are entered into on a non-exclusive basis and are not a mandatory source of purchase, however all Procurement Personnel must keep abreast of existing LTAs, and assess whether or not they can be used for a specific procurement activity, as they may represent the most cost efficient method of procurement.

The establishment of LTAs is done in order to ensure a reliable source of supply for goods and services that are requested on a regular basis, at the lowest possible price.

LTAs usually cover periods between 1 and 3 years, are non-exclusive, and can be set up locally or at Headquarters level. LTAs increase the efficiency of procurement by decreasing bidding time for frequently-purchased items or services. Thus, once an LTA is awarded, and during its validity period, purchases of goods and/or services do not require further approval by any awarding authority.

When deciding upon the duration of an LTA period, in particular for services, the following must be considered:

If it can be determined that the services to be covered by the LTA will be required beyond the 12-month period (see typical examples below), it is worth specifying up front in the solicitation document that the LTA will cover a period of 3 years. Whenever feasible it is better to specify a longer LTA period in order not to be in a situation whereby at the end of the LTA validity (e.g. after 1 year) we have no other alternatives but to continue with the same supplier for a number of valid reasons. In such situations, UNFPA is often in a weak position when negotiating LTA extension as the supplier knows that UNFPA has little choice but to continue with them and as a consequence suppliers can increase their price unreasonably, something that goes against the principle of value for money.

Such situations result not only in supplier dominance but also in:

- Additional transactional and administrative costs for UNFPA, such as negotiation with the supplier, additional submission to CRC, review and approval by the CPO, establishment of additional LTAs, etc.;
- Greater risks for post-facto situation if the extension of the LTAs is not performed in a timely manner.

Recurrent services that would qualify for longer LTA periods (e.g. 3-year) are typically services related to:

- Advertising;
- Banking;
- Catering;
- Cleaning;
- Consultancy;
- Custom clearance;

- Event management;
- Hotel accommodation for training and conferences;
- IT (Information technology);
- Logistics and distribution;
- Outsourcing HR and payroll;
- Printing and publishing;
- Security;
- Stationery supply;
- Taxi;
- Telecommunication;
- Translation;
- Travel;
- Vehicle insurance;
- Vehicle maintenance;

Such services should be purchased through 3-year LTAs (instead of 1-year). In order to ensure effective competition, it is recommended whenever feasible, to establish multiple LTAs for the same goods or services with several suppliers. Secondary bidding can then be conducted when needs arise (see [section 6.3.3](#)).

When an LTA is for more than 1 year, at time of bidding, UNFPA can request suppliers to include in their proposals the details of the price increase after each year and consider the average price over the 3 year-period as the price for the purpose of commercial (financial) evaluation.

When in doubt as to whether the services to be procured justify longer period LTAs, or how this could be implemented, please contact your procurement focal points at PSB who will assist.

A price variation clause may also be included in LTAs (in particular for commodities whose price is strongly correlated to the price of raw materials).

LTAs often provide that they may be extended for an additional period of up to 1 year, subject to satisfactory supplier performance maintenance of original approved prices. However, a further extension should not be negotiated after 3 years (unless circumstances justify it; e.g. sole source situation, etc.). In that situation, a new RFP or ITB should be issued to test the market and ensure competitive prices.

The Chief, PSB has the authority to make a discretionary decision to temporarily extend LTAs for short durations for the sole purpose of ensuring that there is no break in service between the end of an LTA and the issuance of a new one. Temporary extensions can be given for up to, but not exceeding, 3 months. This applies in situations where the reason for such a break in service is the result of circumstances that UNFPA could not foresee, e.g. a new tender had to be conducted due to lack of response to the first tender, etc. This authority does not apply in situations of improper procurement planning. The reasons for approving temporary extensions of LTAs have to be clearly documented and kept on file for audit trail purposes.

For Headquarters LTAs for reproductive health commodities, the item prices quoted by the bidder(s) will be entered into an e-procurement system maintained by PSB that can only accommodate prices in USD. In view of this, prices shall be quoted in US dollars (USD) by the bidder(s). Bidders shall indicate in their offers the currency they would normally have used (i.e. the bidder's preferred currency) if no such currency constraint existed. In order to mitigate financial risks, the successful bidder(s) will be requested during the course of the LTA to adjust their USD price downward or upward in the event of the USD appreciating or depreciating by more than 10% against the bidder's preferred currency based on the United Nations exchange rate at time of bidding. For the purpose of calculating the percentage of appreciation or depreciation of the USD against the bidder's preferred currency, the United Nations monthly exchange rates will be considered. The monthly United Nations exchange rate can be found [here](#).

LTA – [Template](#)

In line with the United Nations reform that calls for more sharing of procurement information, it is recommended that main LTA information together with corresponding signed PDF documents be uploaded in the [LTA module](#) of the UNGM portal regardless of whether the LTA is a global LTA or a local LTA. Guidelines for uploading of LTAs can be found on the UNGM portal.

To strengthen LTA management and to monitor LTA usage, country offices are encouraged to record, on an annual basis, the business volume, as well as saving figures together with general supplier performance feedback in the “Feedback on LTA Use” tab of the [UNGM LTA module](#). Please refer to [section 13.2](#), Vendor performance evaluation, for more details.

Field office POs for contraceptives against corporate LTAs:

The Chief, PSB may authorize certain field offices to issue POs for contraceptives against corporate LTAs for country programme procurement.

In the request to conduct such procurement, submitted by the UNFPA Representative to the Chief, PSB, the following mandatory requirements shall be confirmed:

- (a) A minimum of 2 people with buyer's rights have been nominated to be trained to handle decentralized PO operations (to limit vulnerability and not have total dependency on one person in the Country Office);
- (b) The Country Office shall inform PSB immediately in the event that one of the two people leaves the organization;
- (c) If a focal person leaves the organization, detailed hand-over notes shall be provided to both PSB and Country Office.

In the event that the Chief, PSB approves the decentralization of PO issuance against corporate LTAs to a country office, the split of responsibilities and roles between PSB and Country Offices will be according to the guide for PO decentralization (For more information, please refer to the Country Office Guide to Decentralized Procurement Using PSB LTA Process Overview and

Step-by-Step Guide). The relevant standard operating procedures for issuing POs against LTAs can be found [here](#).

11.5 Works and construction contracts

Intentionally left void.

11.6 Contract for Professional Services

The Contract for Professional Services is a procurement contract by which an institution, a corporation, or other legally constituted entity is engaged to perform services for UNFPA (*e.g.* providing corporate consulting services). The functions to be performed and a time schedule for execution are specified in the contract.

The Contract for Professional Services may also be used in order to engage a corporate contractor for the provision of temporary services by individuals required from time to time by UNFPA. In that case, the Contract for Professional Services is entered into between UNFPA and the contractor, these two being the parties to the contract. While the contractor will provide the services of one or several individuals to fulfill the contractor's obligations under the contract, the obligations arising from the contract remain those of the contractor. The individual(s) made available by the contractor have a legal relationship only with the contractor, not with UNFPA.

When a Contract for Professional Services is issued, a written contract based on the [UNFPA Standard Contract for Professional Services](#) must be utilized. This contract includes as an integral part the [UNFPA General Conditions – Services. A PO is raised for internal administrative purposes in Atlas but is not issued to the contractor.](#)

11.7 UNFPA-specific topics

11.7.1 UNFPA Purchasing card Programme

The UNFPA purchasing card programme is designed to streamline, expedite, and simplify the requisition, purchase, and payment processes for small dollar transactions. The UNFPA [Purchasing Card Programme](#) provides information for administrators, cardholders, and managers. The programme is only open to Headquarters Staff Members.

12. PROCUREMENT AND LOGISTICS

12.1 Overview

Logistics is defined as the process of planning, implementing and controlling the efficient and cost-effective flow and storage of goods from the point of origin until the completion of an activity, in accordance with end user's requirements.

Logistics includes all the elements that constitute a delivery infrastructure within the procurement process.

Additional information on inventory can be found in the [Inventory Management Policy](#).

12.1.1 Logistics planning process, lead time and calculator

Proper logistics planning entails considering logistical aspects throughout the various steps of the procurement process. It contributes to efficient procurement processes, and reduces the risk of facing problems that may lead to additional costs and delays.

Logistics planning starts at the needs assessment phase of the procurement process by considering the desired result of the requisitioner and the end user and from there working backwards in order to determine what actions will ensure a successful completion of the activity. Ideally this process should begin even before the requisition is placed, through a close cooperation and efficient communication between the location requesting the purchase and PSB.

Moreover, orders cannot be placed without budget/funding in place and must be received in Atlas by UNFPA before expiration of the funding. This information should be taken into account when planning projects. To guide requisitioners, the [PSB Lead Time Calculator](#) and the [PSB Lead Time Information](#) page linked to under [section 4.4.1](#) "Lead Times" provide estimated lead times for commonly requested items purchased by PSB.

Actual lead times will vary, depending upon a variety of factors (size and complexity of the order, supplier production capacity, transportation, etc.). The calculator includes a broader time frame.

The following steps in the logistics planning process should be considered at the various stages (planning, requirement definition, sourcing, and evaluation) of the procurement process:

- 1) Understand the operational context of the required product, and, if possible, assist in developing specifications suitable to local conditions.
- 2) Evaluate the procurement activity, the time and the financial resources available in order to determine the urgency of the requirement. Urgency may determine location of the purchase and thereby also the mode of transport.
- 3) Determine the type of sourcing for goods and the mode of transport depending on the urgency of the requirement, 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 the total lead time. A sea and/or ground route may be cheaper but may lead to many 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 be more costly, but it may significantly reduce the transport time.
- 5) Determine which markets 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.
- 6) Review the delivery and transport requirements, as well as the budget, and ensure that they are complete and realistic.
- 7) Determine the most cost effective means of contracting transport, i.e. should the transport of the purchased goods be arranged by the same supplier contracted for the supply of goods, or should it be outsourced to an independent freight forwarder.
- 8) Tender for freight services, if you opt to outsource the transport as per above. Check the existence and competitiveness of the LTAs for freight services. For large consignments, conventional shipments, or bulk shipments where more favourable rates can possibly be obtained, spot tenders are advisable.
- 9) Insure the consignment in accordance with UNFPA's instructions.
- 10) Ensure that shipping documents received from the supplier and the freight forwarder are complete and accurate and that the consignee has received his/her set.
- 11) 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 (see [section 12.5.6](#)); however, customs clearance is part of the procurement process, and thus the responsibility of the Procurement Personnel.
- 12) Obtain acknowledgement from consignee that the shipment has been received in good order.
- 13) 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 learnt

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 Order Tracking System (OTS)

The Order Tracking System (OTS) is an important tool in order to maintain proper order management. The system facilitates maintaining an overview of all active orders and underpins the communication between Country Offices, PSB and the suppliers.

All Personnel involved in the procurement process may use the web-based [Order Tracking System](#) (OTS) to retrieve shipping information for any PO issued under the UNFPA location.

Please contact your focal point at PSB in order to obtain a login ID.

Country offices can see the information in OTS regarding orders and input the relevant information from their end by:

- a) Logging on to the system through a username and login ID.
- b) Choosing a PO from the list for the specific Country Office.
- c) Viewing delivery details such as expected shipments and delivery schedule for the PO.
- d) Confirming receipt of goods, including dates and condition of the goods.

Suppliers fill in and update the shipping information of the different POs in OTS by:

- a) Logging on to the system through a username and login ID.
- b) Selecting the relevant PO for that specific supplier (suppliers have access to the information regarding only PO placed to them).
- c) Confirming receipt of a PO by entering/updating shipment information such as delivery information, estimated time of departure (ETD) and estimated time of arrival (ETA) in the relevant PO. Dates can be changed at a later stage as appropriate.
- d) Selecting which items will be included in the shipment.
- e) Specifying the quantities that will be shipped.

A practical reference to these procedures can be found in the [OTS Brochure for Country Offices](#) and the [OTS Brochure for Suppliers](#).

12.2 Packing and Labeling

12.2.1 Packing

The nature of the goods together with the mode of shipment and the climatic conditions during transit and at the destination, determine the required packaging.

The durability, size and weight of the packages must be considered in relation to the planned means of transportation. It must be ensured that the equipment, warehouse facilities, operators and labourers involved in the shipment of the goods have the capacity to handle the goods in the chosen packaging.

For instance, some port facilities cannot handle 40ft. containers.

The climatic conditions both at the end destination and in-transit, should be considered to ensure that packaging would withstand heat, cold, rain, humidity, mould, dust, salt water spray, etc. Certain types of goods require a constant temperature and air shipment, cold chain equipment and monitors must be used to ensure this.

To be on the safe side, one should always assume that shipments will be handled roughly and loaded and offloaded numerous times before reaching the final destination.

The following shall also be taken into consideration:

Containerisation of cargo could be considered for extra protection and in order to be able to handle the shipment more effectively, however, this may increase the costs. If containers are

used, UNFPA should always try to make full use of their space to minimize costs and ship only full containers, as the rate for shipment of a container usually does not depend on the weight and volume of its content (unless total allowable payload is exceeded). The use of LCL (less than full container load) containers that consolidates consignments from different clients, exposes UNFPA to the risks of theft, pilferage and delays if any of the consignments being shipped together should experience difficulties in customs clearance at any point along the way. Further, small consignments risk facing delays while waiting to make up a full container load. It is therefore recommended, where possible, to plan loads that fill up a container.

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	28 Metric tons
Cubic metres (approx.)	33 m ³	67 m ³

Depending on the size and type of the shipped goods, different types of containers are used:

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 Shipping instructions

Standard shipping instructions are documents specifying how the goods are to be packed and shipped and who is to be notified upon shipment.

UNFPA's shipping instructions also contain information regarding:

- a) PO number
- b) Country
- c) Shipping marks
- d) Special markings (if applicable)
- e) Documentation required
- f) Documents distribution (who should receive original documents by courier)
- g) Information on:
 - a. Inspection
 - b. Shipments
 - c. Shelf life
 - d. Insurance
 - e. Delivery on weekend/holiday
 - f. Acceptance

Complete and appropriate shipping documents are of critical importance for the timely delivery of goods. 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 shipment generates documents that may be required once the equipment is in the country, for instance to register a vehicle or radio equipment.

The exact contents of a set of shipping documents depend on the type of goods being shipped, the means of transport, who is shipping the goods (freight forwarder, supplier, etc.), and any special requirements of the receiving country. UNFPA's Shipping Instructions indicate the specific requirements for a given order.

[Template for standard shipping documents](#)

While the particular shipping documents required vary from case to case, every shipment should have as a minimum documented evidence of:

- 1) Commercial invoice (describing the goods and indicating their value).
- 2) Packing list (descriptions of content, total number of packing units, markings, weight and volume of each).
- 3) Waybill (Airway Bill [AWB] for air shipment, for instance) or Bill of Lading (B/L) to consignee marked "freight prepaid" (contract of carriage between the shipper and the carrier, indicating how goods are being shipped and when they will arrive. The B/L additionally evidences that the carrier has received the goods for shipment, and is conclusive 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)).
- 4) Copy of the freight invoice from the carrier (indicating shipping details and charges).

The following shipping documents can also be requested:

- 1) Certificates of Origin (indicating the country of origin or manufacture of the goods, issued by a local Chamber of Commerce. A Certificate of Origin is usually required for importation and is also used for statistical purposes).
- 2) Certificate of manufacture (confirming manufacturer of the product by the manufacturer),
- 3) Forwarder's Certificate of Receipt (proof that the supplier has handed over goods to the freight forwarder when a separate order is issued to a freight forwarder).

In addition, a number of certificates certifying quality can 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 the shipping documents received, and shall be instructed to send one original set of documents to the procuring unit in UNFPA, keep one original for five years and courier the remaining original sets to the consignee.

Procurement Personnel shall check the documents to ensure that all information is correct and identical in all the documents. Further, UNFPA must ensure that the documents have been received by the consignee.

The following definitions are frequently used terms in shipping documents:

Consignee

The consignee is 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 (see [section 12.5.6](#)) and other government formalities upon the request of Procurement Personnel 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

A notify party may be engaged by Procurement Personnel (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.

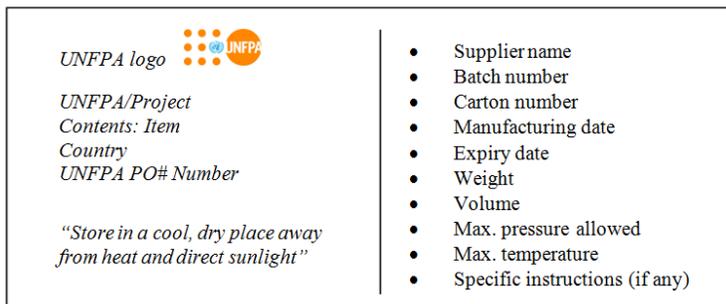
Delivery address/final destination

The delivery address or final destination is the address of the end user where the goods are to be physically delivered.

12.2.3 Labelling and shipping marks

The typical UNFPA shipping mark looks as follows:

Figure 1: UNFPA shipping mark



12.3 Shipping and transportation

12.3.1 Modes of transportation

Four basic modes of freight transportation are typically used, either individually or in combination: sea, rail, road, and air.

UNFPA must consider both economy and efficiency when choosing the mode of transport. In general, rail, road and air transport costs are comparatively higher than freight by sea, thus in general sea transport is recommended. Maritime freight typically counts for 15-20 percent of the costs of the goods, and airfreight may represent up to 100 percent. International shipments by sea take on average three to five weeks (but can be considerably longer), while air shipments usually take less than a week. The balance of operational parameters such as time and financial resources should determine the mode of transportation.

Procurement Personnel should prioritize transport preferences in accordance with the following criteria:

- 1) The cheapest means of transport that meets delivery requirements;
- 2) If possible, scheduling through the fewest number of trans-shipment points;
- 3) If possible, shipping via preferred trans-shipment points and customs;
- 4) Using dedicated freight forwarders wherever possible;
- 5) Applying a 1:4 ratio rule for air shipment (ship by air if less than 25 percent of cost of goods);
- 6) Shipping by air if weight is less than 200 kg;
- 7) Shipping by air when a cold chain is required;
- 8) Shipping by land or sea if dangerous goods are involved.

Finally, Procurement Personnel 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 Personnel should present the existing options to the requesting location or PSB and ask for a decision.

12.3.2 Forwarding agents

Forwarding agents, also known as freight forwarders or freight brokers, are contracted by UNFPA or the supplier to carry out the formalities and operations of consignments.

The use of an appropriate freight forwarder reduces the risk of the procurement operation, since part of the risk is transferred to the selected forwarding agent. Further, the choice of an appropriate forwarder in itself reduces risk due to the forwarder's experience and specialized knowledge.

UNFPA must ensure that the respective forwarding agent has all necessary documents for the release of goods in transit.

12.3.3 Incoterms

[Incoterms](#) are standard terms, established by the International Chamber of Commerce (ICC), defining the obligations of both the buyer and seller relating to the shipment of goods. They are used worldwide in both international and local trading.

The scope of Incoterms is limited to matters relating to the rights and obligations of the parties to the contract of sale with respect to the costs and risks related to the delivery of goods sold.

They specify where the seller delivers the goods, what costs the seller pays, and when the seller passes the transit risk to the buyer. Procurement Personnel may request suppliers to quote supply under more than one Incoterm, for example when considering whether to contract freight through the supplier or independently.

The clear definition of trade terms reduces the risk of misunderstanding and, as the ICC offers an arbitration service, their interpretation is widely accepted.

Incoterms 2010 shall govern shipment terms of UNFPA contracts so long as 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.).

Typically, CPT (Carriage Paid To) will be the Incoterm of reference for UNFPA for international procurement where the supplier arranges transportation (preferred option). Thus, it is recommended to ask for CPT prices in the solicitation documents.

For field procurement, typical incoterm would be DAP (Delivered At Place) as the risks would be borne by the vendor during transit (please see below additional considerations related to cargo insurance).

If other choices than CPT and DAP of Incoterm are considered, PSB shall be consulted in order to identify the most suitable option.

12.4 Insurance

12.4.1 Insurance during transportation

During transportation and storage, all goods are vulnerable to a range of risks, such as damage, pilferage and theft, breakage, non-receipt of part or an entire consignment. Cargo and Warehouse insurance is thus required to provide protection against potential financial losses resulting from such risks.

It is also imperative to ensure protection for goods subject to other 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 for the period that insurance cover is attached to the order.

Currently several UN Agencies, including UNFPA, have come together and negotiated a joint Global Cargo and Warehouse Insurance Contract. This insurance is all-risk insurance with worldwide coverage.

12.4.1.1 International Procurement conducted by PSB

Relevant Purchase Orders (PO) issued under business unit UNFPA must be insured by PSB or by the supplier.

The selection of the INCOTERM will dictate who is responsible for arranging the insurance.

For all such insurance the following principles should apply:

The value insured should be the cost, insurance and freight value plus ideally an agreed percentage to reflect the indirect cost of replacing the goods.

Coverage must commence at the point the goods are handed over to the UNFPA freight forwarder up until the final destination as stated on the shipping instruction.

In cases where the coverage is time limited, sufficient time must be built into the coverage to allow for customs clearance processes, domestic transportation and other possible events which may delay delivery.

12.4.1.2 Local Procurement by Country and Regional Offices

It is the responsibility of the Field Office Manager to ensure appropriate cargo transit insurance is in place for any procurement conducted by the field office.

In cases where cargo transit insurances coverage is appropriate, the field office has two options:

- A. When placing the order, select the appropriate INCOTERM such that the supplier will be responsible for the insurance of the goods. To confirm compliance, the supplier should attach a copy of the relevant insurance certificate to the invoice.
- B. If A. is not possible, the field office must arrange for appropriate insurance coverage based on the principles stated in 12.4.2.

Alternatively, the field office may contact their PSB focal point upon issuance of the Purchase Order requesting PSB to insure the cargo. PSB will then arrange to extend the coverage of their 'Global Cargo Insurance' for this cargo. The cost of this insurance coverage shall be borne by the same chart of account associated to the PO.

12.4.4 Warehouse Insurance

Refer to the Inventory Management Policies and Procedures Manual for further information on PSB Warehouses and authorization requirements to hold inventory.

All UNFPA controlled goods while in storage must be insured to protect UNFPA interests. Warehouse goods are insured for cost and insurance.

In cases where:

- UNFPA maintains its own warehouses (i.e. the approved CSB warehouses at local office level) the contents of these warehouses must be insured by PSB.

- UNFPA holds goods at supplier warehouses (e.g. PSB managed warehouses) the contents of these warehouses must be insured by PSB unless the warehouse agreement with the supplier specifies otherwise.
- UNFPA hands over the goods to a third party (e.g. government) for storage at their facilities but UNFPA maintains control of the goods, the local office must ensure there is a warehouse agreement clearly outlining the insurance coverage provided for these UNFPA goods.

12.4.5 Insurance Claims

Refer to the inventory management policy manual for further information regarding losses on inventory.

In the event of a potential claim, offices should revert to the insurance agreement immediately for guidance on how to make the claim.

Some insurance coverage can expire so it is important that this is done on a timely basis.

For PSB managed insurance coverage, notice must be given immediately to the PSB focal point. PSB will then review the case and follow up with the local office and insurer to review whether a formal claim can be submitted.

12.5 Reception, inspection and return

12.5.1 Receipt of goods and services

When a consignment is delivered, the consignee should perform a physical inspection of the packages against all shipping documents. If the goods are in apparent good order, endorsement shall be given (for instance, “received in good external condition, contents unchecked”). If signs of tampering are visible, the receipt should state necessary reservations (such as “cases broken”, “contents lacking”, etc.). Where possible, packages should be weighed to determine differences between declared and actual weights, documenting any discrepancy.

Before an invoice can be paid, the goods and/or services have to be financially received in Atlas (financially receiving the goods means that the PO will translate into a disbursement in Atlas). Receipt in Atlas signifies the transfer of the possession of the goods or the provision of the services by the contractor/supplier to UNFPA and initiates the payment process.

The below table shows the points in time when delivery is considered achieved and lists the documents required for Atlas receipt creation.

STANDARD PROCUREMENT (including LTA procurement)			
Category	Documents required for Atlas Receipt Creation	Owner	Receipt Date
Goods (incl. Freight)	<p>Proof of delivery from supplier, forwarder, or consignee; e.g.</p> <ul style="list-style-type: none"> - For F Incoterms: Forwarder confirmation of receipt and quantity information for partial shipments. Receipt to be done at the same time for the PO for goods and PO for freight; - For C Incoterms: Bill of lading and quantity information for partial shipments; - For E and D Incoterms: Consignee confirmation of receipt. 	Logistics Officer or Contract / Procurement Officer in the absence of a Logistics Officer or other Personnel and/ or Personnel nominated by the Project Manager (except Finance Personnel)	<ul style="list-style-type: none"> - <u>For F Incoterms</u>: Date of Forwarder Confirmation of Receipt; - <u>For C Incoterms</u>: Date of B/L; - <u>For E/D Incoterms</u>: Date of Consignee confirmation of receipt.
Services (excl. Freight)	<p>Proof of completion of services from supplier or consignee:</p> <ul style="list-style-type: none"> - For consultant type services (training, etc.): Confirmation from consignee / client that services have been rendered and outputs delivered; - For specialized services (inspection, lab testing, etc.): Report from supplier, acceptable to UNFPA, showing that services have been provided. 	Logistics Officer or Contract / Procurement Officer in the absence of a Logistics Officer or other Personnel and/ or Personnel nominated by the Project Manager (except Finance Personnel).	<ul style="list-style-type: none"> - <u>For consultant type services</u> (training, etc.): Date of consignee / client confirmation; - <u>For specialized services</u> (inspection, lab testing, etc.): Date of supplier report acceptable to UNFPA.

Table 7: Required documents for Atlas PO Creation

12.5.2 POs issued by PSB for field duty stations

The waybill/bill of lading (or performance of the service) constitutes the basis on which the Atlas receipt is made. The UNFPA buyer in PSB completes the financial receipt in Atlas. A quantity less than the quantity of the PO can be received.

In each field office, the appointed receiving officer is responsible for physically receiving and inspecting all equipment, supplies, and other property received. For assets, the receiving officer must also notify the inventory clerk to ensure that the items are properly tagged and entered in the Asset Management module of Atlas.

12.5.3 Shortage-Damage-Discrepancy

After the goods have been customs cleared and before delivering them to the Implementing Partner (e.g. government) the field office must ensure that the correct quantity of goods has been received according to the PO and has been delivered to the Implementing Partner.

Discrepancies between the PO and actual delivery should be identified before handing over the goods to the Implementing Partner. UNFPA is not liable for goods that are missing after the Implementing Partner receives the goods.

If there is shortage, damage, or discrepancy, the field office must contact the buyer in PSB as soon as possible, and notify the carrier in writing regarding the damage and/or short shipment (photographs are also helpful). Delays hamper efforts to obtain rectification or compensation from the suppliers and/or insurers.

Where discrepancy or damage exists, the receiving officer shall immediately perform a survey and complete and sign a [Receiving and Inspection Report](#). The Receiving and Inspection Report, available from PSB, captures:

- UNFPA PO number;
- Number of cases received;
- Contents;
- Date of arrival;
- Carrier;
- Bill of lading or waybill number;
- Details of the claim;
- Reason for rejection.

The Receiving and Inspection Report shall be sent together with copies of the survey report and notice to the carrier to PSB as soon as possible to enable PSB to initiate an insurance claim. Failure to comply with this requirement may cause financial losses to UNFPA, for which the field office will be held responsible.

12.5.4 POs issued by PSB for Headquarters, New York

The Chief, Facilities and Administrative Services Branch, is responsible for the receipt, inspection, and handover of all equipment, supplies, and other property received at Headquarters

New York to the requesting unit. For internal control purposes, the receiving unit must be a separate and/or independent unit from PSB and from the payments unit. All assets are received by the asset management associate, who also performs the financial receipt in Atlas.

Where discrepancies occur, the receiving officer shall immediately complete a [Receiving and Inspection Report](#) to PSB. Care should be taken to retain all original accessories, instructions, and manuals together with the original packaging. Failure to comply with the above is likely to negatively affect UNFPA's ability to secure refund or replacement.

12.5.5 POs issued in field duty stations

Following the actual delivery of goods or performance of the service, individuals designated as receivers must complete the financial receipt in Atlas.

Once goods have been received by UNFPA, any attempts to return them to the supplier are likely to result in charges. Returns should be discouraged except in the following cases:

- Physical damage or defect not inflicted by UNFPA whether in transit or not;
- Non-compliance with PO;
- Product supplied does not meet the manufacturer's and/or vendor's claims and specifications; and
- Product is deemed unsafe in any way or is not compliant with national and/or UNFPA safety requirements.

Should any of the above conditions arise, the receiving officer shall make a written statement to the concerned supplier listing all defects or other reasons for rejection. A copy of the notification letter shall be sent to the insurance company if a party other than the supplier insured the goods. Special care should be taken to retain all original accessories, instructions and manuals together with the original packaging.

12.5.6 Customs clearance

When the goods arrive at the destination port/airport, customs clearance must be arranged by the consignee. The original shipping documents sent by the supplier shall be used for customs clearance purposes. PSB can assist by forwarding electronic documents by email as soon as received from the supplier.

Customs clearance routine varies from one country to another. This is acceptable as long as the ultimate objective of exempting UNFPA importations and customs clearing is achieved.

Below are typical custom clearance scenarios/routines:

- The goods purchased under regular UNFPA procurement are for the government (typically Ministry of Health), in accordance with the "Basic agreement" that UNFPA signed with the Government, UNFPA country office does not usually deal with customs clearance procedures per se but provides documents to government entities:

- Ministry of Health:
 1. Originals of shipping documents to allow them to prepare the necessary papers for the customs clearance;
 2. Confirmation that the goods were imported by UNFPA country office and should be then exempted from the standard pre-shipment inspection procedures;
 3. Letter of exemption attached to the confirmation.

- Warehouse (usually the entity in charge of customs clearance procedures):

Copy of shipping documents to allow them to be ready for actions at their level.

- Local transit agent of the Ministry:

Order to proceed to the customs clearance once the Ministry has completed all the necessary paperwork. Considering that the consignee is the field office, such order should come from the field office. This letter will be used to take possession of the goods from the carrier and to move the goods to their customs clearance area (to cut off the storage fees until final delivery of the goods).

- If the goods are for UNFPA office (administrative procurement):

Steps typically undertaken by UNFPA:

- Requesting a pro forma invoice from the local transit agent;
- Preparing the PO accordingly;
- Preparing the letter giving order to the local transit agent to proceed with customs clearance and at the same time transmitting the shipping documents to the local transit agent together with the pre-shipment exemption letter;
- Preparing the final end attestation to be sent to the government authorities, requesting that no import tax be charged when proceeding to the customs clearance of goods. Once ready this document is remitted to the local transit agent for action.

- If the goods are purchased against third party procedure:

Custom clearance is the responsibility of the government as UNFPA is not the consignee.

When it is UNFPA's responsibility to deal with custom clearance, this can be done either by UNFPA Personnel or outsourced to a clearing agent. There are pros and cons to both options as can be seen from the below table:

	Pros	Cons
Custom clearance by UNFPA Personnel		Time invested in each process takes one or more days for each process
		The office needs the required permits
		Personnel must travel to the frontier to clear customs (this requires time)
	Close monitoring of the clearance process	The country office needs a Personnel specialised in this process
Contract a custom clearance agent	Company has the permits needed for this process	
	Company has the required company personnel at the frontier	
	Company has the specialized knowledge (faster clearance)	
		Payment for extra services (agent)

Table 8: Options for Custom Clearance

Guidance Note on the nomination of “Consignee” for Customs Clearance of Commodities procured by UNFPA

1) Overview

The UNFPA Country Office (CO) shall be nominated as "Consignee" for shipments of all UNFPA-funded commodities that form part of UNFPA's programme assistance unless otherwise agreed with the host country and/or alternative Consignee (see below).

The main reason for nominating UNFPA as “Consignee” is that this permits UNFPA to import the goods required to fulfilling its mandate without customs duty, or other prohibitions and restrictions being placed upon the import of the goods.

Additional benefits of consigning goods to UNFPA include that this enables UNFPA to keep records of the goods throughout the customs clearance process as well as typically allowing a customs clearance process faster than if the goods were imported by other institutions.

2) Policy

For the customs duty free importation of goods, Art. II, section 7(b) of the 1946 Convention on the Privileges and Immunities of the UN provides: The UN shall be "exempt from customs duties and prohibitions and restrictions on imports and exports in respect of articles imported or exported by the United Nations for its official use." Therefore, the import of supplies is exempt from customs duty if they are (1) imported by the United Nations and (2) for its official use.

Importation by UNFPA:

(1) For goods to qualify as "imported ... by the United Nations", the supplies have to be imported by UNFPA, which is an integral part of the UN, or by another UN entity. It is not necessary that UNFPA performs the importation itself; UNFPA could be represented for that purpose by an agent (e.g. a clearing agent). However, the supplies have to be consigned to UNFPA or another UN entity in order for the supplies to qualify as having been "imported ... by the United Nations".

Importation for UNFPA's official use:

(2) For goods to qualify as being imported by UNFPA for "its official use", the supplies have to be imported for UNFPA's official purposes. For example, the "use" of the supplies by UNFPA is "official" as long as the supplies will be used to implement parts of the relevant UNFPA Country Programme (CP) or the UNFPA Global and Regional Intervention (GRI). The question of whether any UNFPA programme activities involving the use of the supplies will ultimately be implemented by UNFPA directly (so-called DEX), or whether UNFPA programme activities involving the use of the supplies will be implemented by one of UNFPA's implementing partners⁴ (IP, so-called NEX), is not relevant for the determination of whether the supplies are being imported by UNFPA for "its official use". What is relevant is that the supplies are being used by UNFPA (directly or through the services of an IP) for UNFPA's official purposes.

⁴ As defined in UNFPA Financial Regulation and Rules, Regulation 2.1, an implementing partner is "the entity to which the Executive Director has entrusted the implementation of UNFPA programme activities specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of UNFPA resources and the delivery of outputs as set forth in such programme documentation".

Furthermore, the IP can distribute the commodities for free, or sometimes UNFPA and the Government permit the IP to sell the commodities for a nominal price below market or retail price ("social marketing"). Social marketing, therefore, is a NEX-based programme implementation methodology that provides UNFPA with additional assurances that the commodities will be valued higher by end-users and thus more effectively used than if they had been given out for free. Regardless of whether the IP distributes the commodities for free or charges a price following a social marketing methodology, the commodities should be consigned to the UNFPA country office. This is important because the import duty exemption under the 1946 General Convention applies only where the commodities are "imported by the United Nations".

This is distinguished from the case where a Government or an NGO (one specializing in social marketing or not) is NOT implementing development activities under any UNFPA CP or the GRI, but intends to distribute (for free or by way of social marketing) commodities on its own accord. In that case, the Government/NGO may procure commodities through [UNFPA's Third Party Procurement mechanism](#). The commodities will then always be consigned to the Government/NGO, and the Government/NGO may have to pay customs or import duty. Please refer to deviation point three below for further details.

Deviations from the policy:

There are three main reasons for deviating from the policy to nominate "UNFPA" as Consignee⁵. These are outlined below:

(1) If the IP requests to take on the Consignee role, for example, as part of a process for increased country ownership and responsibility in accordance with principles of the Paris Declaration.

In this case, the IP needs to confirm in writing to UNFPA, prior to order issuance, that (i) the IP agrees to customs clear the goods, (ii) has obtained - or at least has tried to obtain - assurance from the Government that no customs duty shall be payable on the goods, and (iii) that if such duty is in fact levied, it will in fact pay such duties⁶.

⁵ In case UNFPA needs to consign commodities to NGO HQ offices for later disbursements by these NGO HQs to their NGO field offices (located in various countries), the NGO HQs need to take on the consignee role for practical reasons and it will typically not be possible to invoke the duty exemption privilege.

⁶ Note that under no circumstance shall the IP be eligible to charge their duty payments against the NEX component of the UNFPA assisted project

As stated above, the payment of duties by the IP in this scenario should strictly speaking not apply as the goods are imported for use in connection with a UNFPA programme. However, the government might not accept that the goods are imported by the United Nations when the IP is the consignee. This is a risk the IP takes by acting as the consignee.

For the above reason, it is not recommended to assign the consignee role to the IP as this could mean that the government would be levying a duty on international, UN development assistance.

(2) If another UN entity acts as UNFPA's implementing partner, the goods may be consigned to that entity. The reason is that this organization benefits from an exemption on duty on imports for official use that is equivalent to that enjoyed by UNFPA.

(3) For goods funded by UNFPA but procured for other UN agencies (e.g. UNHCR donations) or procured for countries where UNFPA is not present, the recipient UN agency is assigned as Consignee.

(4) In case neither UNFPA, nor any other UN agency willing to clear on UNFPA's behalf is represented in the country, the IP should be designated as Consignee.

For goods procured by UNFPA under the so called "[Third Party Procurement](#)" modality (TPP), i.e. through the AccessRH mechanism (ARH), the recipient institution shall be the Consignee. UNFPA shall under no circumstance be Consignee in this situation, given that the goods are not intended for a UNFPA CP or the GRI, or for any other UNFPA official purpose.

3) Procedures

In line with this policy, UNFPA/PSB will, as a standard practice, consign all goods procured with UNFPA funding (including goods procured from funds made available under Co-Financing Agreements) to the UNFPA Country Office in the country of destination. Similarly, UNFPA/PSB will consign all goods procured with external funding (i.e. so called "Third Party Procurement / AccessRH orders") to the Customer directly.

Thus, if any country office has made special arrangements with their host government to have goods procured with UNFPA funding consigned directly to the government (or other IP), PSB should be informed of this arrangement as soon as possible.

Note that in all cases where the goods are funded by UNFPA, UNFPA shall also pay for the costs associated with the customs clearance processing, i.e. the cost for the hiring of a transit

UNFPA

agent. These costs are not part of any tax. The funds used to pay for the transit agent shall be included in the work plan unless there are other local arrangements in place (such as NGOs receiving the goods directly and enjoying tax exemption status).

The table below summarizes the various options for Consignee nomination:

Purpose of importation:	Consignee options:	Remarks
For implementation of UNFPA's programmes including Country Programmes (CP), the GPRHCS, CFAs etc. (i.e. irrespective of funding source)	UNFPA	<p>Nominating "UNFPA" as Consignee is the standard practice.</p> <p>Unless there are local arrangements in place, commodities funded by the GPRHCS for NGOs should be imported by "UNFPA" as Consignee to ensure duty free importation as NGOs are in these cases considered IPs of the GPRHCS. Costs associated with customs clearance (such as the hiring of a transit agent) can be charged to the GPRHCS.</p>
	Implementing partner	<p>The IP, i.e. the Government, NGO, etc. included in UNFPA's Work Plan or other Regional or Global Interventions (e.g. the GPRHCS) can be nominated as Consignee in exceptional situations if the IP confirms in writing that it agrees to conduct the customs clearance process.</p> <p>Note that it is not recommended to assign the consignee role to the IP as the government could then argue that the IP is importing, not UNFPA, and hence the duty exemption should not apply. This would be undesirable given that the government would be levying a duty on international, UN development assistance.</p>
	Another UN agency	As the goods will benefit another UN agency, it is recommended for practical reasons that the recipient UN agency is assigned as Consignee, which will reduce administration at the national level.
For external clients own purposes (i.e.	External client	UNFPA shall not be Consignee for any AccessRH/TPP orders.

not UNFPA country programme but Third Party Procurement/ "AccessRH"		
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Table 9: Options for Consignee Nomination

4) Arrival of Goods in country:

Please refer to the [inventory management policy](#) for steps to be followed upon arrival of goods in country including the documents handling process.

5) Exceptions

Any requests for exception to this policy shall be referred to the Chief, Procurement Services Branch in Copenhagen. As appropriate, PSB will consult with the Legal Unit.

12.6 UNFPA-specific topics

12.6.1 Restrictions on the import of goods

Countries may impose certain restrictions on specific goods being imported. Pharmaceuticals typically require prior authorisation from the concerned ministry who will issue a license. This is referred to as "country registration" and it typically applies to contraceptives, although also to other goods. The receiving office, or PSB, as applicable, must ensure that any required certification or permit is in order before issuing the PO.

Some countries ban goods of certain origins for political reasons.

These factors must be considered in due time so that no impediments are faced at a later stage.

13. CONTRACT MANAGEMENT

13.1 Overview

The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change. Contract management is aimed not at finding fault, but rather at identifying problems and finding solutions together with all contracting parties involved.

Contract administration is the responsibility of the procuring unit (the requesting unit for Headquarters procurement) and the individual in charge of the procurement process. In the case of the contracts and LTAs administered by PSB, the Contracts Team shall perform these tasks. When the contract owners are Headquarters Branches and Divisions, the Headquarters Procurement team at PSB will assist with the process. However, contract administration will require the involvement and input of the requisitioner, and at times also the input of the end user, in case the two are not the same.

There are 9 potential components in the contract administration process:

1. Monitoring and control of vendor performance;
2. Remedies;
3. Dispute resolution;
4. Financial management/payment;
5. Amendment and Change management;
6. Contract completion;
7. Contract termination;
8. Property disposal;
9. Maintenance of files.

13.2 Vendor performance evaluation

Evaluating the performance of vendors is important, as it allows UNFPA to identify performance gaps, communicate these gaps to vendors and put in place supplier development programmes. Such communication allows more collaborative relationship with vendors and usually leads to added benefits. It also allows UNFPA to be more strategic with supplier sourcing activities.

An [on-line tool](#) is available to record vendor performance evaluation information against a number of performance indicators, such as:

- 1) Quantity/quality of goods/services supplied;
- 2) Timing of delivery;
- 3) Accuracy of documentation;

- 4) Speed of response/communication (including proactive communication and disclosure of relevant information to performance).

13.2.1 Purchase order-based evaluation

When the last payment under a purchase order/contract has been made, and there are no more pending claims, the [supplier performance evaluation tool](#) must be completed bearing in mind that:

- Vendor performance evaluation is mandatory for all contracts issued to LTA suppliers for core reproductive health commodities (contraceptives, pharmaceuticals, and medical equipment), regardless of the value, as well as for individual Atlas POs that equal or exceed USD 5,000 (for business units outside Headquarters) / USD 10,000 (for Headquarters business units). These thresholds correspond to the threshold for the Shopping solicitation method. Note: nothing prevents procuring units from completing performance evaluations for contracts of lower value.
- No vendor performance evaluation is required in the situations where the vendor is a: UN Organization, Implementing Partner, Individual Consultant, Landlord (lease and associated administrative costs such as electricity, water, security, telephone, etc.), Individual to whom DSA is paid, or Entity to whom expenditures are reimbursed.

13.2.2 LTA based evaluation

For Long Term Agreements, besides purchase order-based evaluation (see above), it is important to conduct annual supplier performance appraisal to understand the overall performance of the supplier holding the LTA, to resolve any performance issues on a timely basis, to decide whether further negotiation is required depending on business volume in order to achieve value for money, etc.

This information together with the business volume and any savings achieved should be uploaded to the “Feedback on LTA Use” tab in the [UNGM LTA module](#).

In the event that UNFPA is piggybacking on another UN agency’s LTA, information on annual supplier performance, business volume and savings achieved, should be provided to the lead agency.

This will help generate a UN System wide overview of LTA usage and allow the United Nations agencies to report to donors on efficiency and savings achieved through collaborative procurement activities.

13.2.3 Contracts for security services

For contracts for security services, the UNDSS Chief Security Adviser/Security Adviser (CSA/SA) should be designated as the technical representative and be responsible for the day-to-day monitoring of the contractor's performance. The CSA/SA must be informed that only contracting officers can make any substantive changes in the terms and conditions of the contract.

13.3 Remedies

A breach of contract may entitle the non-breaching party to certain remedies.

Good practice for choosing the appropriate remedy is to:

- identify the non-conformance
- consider the cause (negligence from supplier or the UN organization, force majeure, etc.)
- consider the contract/type of requirement (goods, services or works)
- consider the context (e.g. sole source, competition, emergency)
- consider the beneficiary/end-user requirements
- apply principle of proportionality.

When considering any contract remedy, seeking feedback from the supplier is prudent. As a practical business matter, the supplier should be given an opportunity to provide evidence against pursuing the remedy. That evidence might point to an excusable delay or impossibility of performance. Such evidence can lead to a remedy that is fair and just for both the UN organization and the supplier.

13.3.1 Termination

In some cases, the failure of one party to perform may give rise to the other party cancelling the contract. Cancellation occurs when one party puts an end to 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 generally are compensatory. In all cases of termination, prior consultation and advice must be sought from the Chief, PSB, who will seek support from the Head, Legal Unit, if required.

13.3.2 Liquidated damages

The parties to a contract may expressly agree, in advance, to a sum that will be payable as damages for any breach. These liquidated damages are an estimate of actual loss that would be incurred and are not considered a penalty. Provisions for liquidated damages are included in the special conditions of the UNFPA standard contracts. When delays result in extra costs, or loss of revenue or loss of other benefits to UNFPA, liquidated damages are paid by the supplier to UNFPA to cover costs incurred by the delay.

Liquidated damages are provided to cover late delivery and calculated as a percentage of the contract value up to a maximum amount. Liquidated damages for late delivery normally accrue for each day, or other period, calculated to account for late delivery.

When should liquidated damages be applied/not be applied?:

1. If the delay is the result of a force majeure or events beyond the control of the supplier and not involving the supplier' fault or negligence and not foreseeable, and the supplier has been able to provide convincing evidence of the occurrence of such events, or if the delay is due to UNFPA negligence (e.g. error in design documentation) or to client stopping/delaying execution of the contract, liquidated damages must not be applied.
2. If the delay is due to any other reasons related to the contractor, liquidated damages must be applied as per the terms of the contract.

Who decides the application/non application of liquidated damages?:

1. If there is no existing representation from the supplier requesting waiver of liquidated damages, the liquidated damages shall be deducted straightaway per the terms of the contract. In such cases the UNFPA Finance Officer shall deduct the liquidated damages in the statement of payment issued to the supplier. There is no requirement of prior information to the supplier.
2. If the supplier has already submitted a representation seeking waiver of liquidated damages, the decision to apply/not apply liquidated damages or to what extent liquidated damages should be applied, must not be taken by one individual only. In all cases, a note to file must be prepared recommending to what extent liquidated damages should be applied or omitted so that the Procurement Authority can take a final decision. UNFPA must then notify the supplier of the final decision. Relevant records must be kept in the procurement file.

13.4 Dispute resolution

Ideally, contracts should be clear and the responsibilities and obligations of both the supplier and UNFPA must be clearly defined in order to minimize the possibility of disputes and disagreements.

However, no matter how well a contract is drafted and its performance managed, disputes can and do arise. As potential disputes must be considered throughout the procurement process in order to resolve any dispute should it ultimately arise, a good understanding of how disputes are resolved is fundamental to effective procurement.

The preferred means of commercial dispute resolution is negotiation. All negotiations are based on an openness to compromise, which often is less costly than alternative methods of dispute resolution.

UNFPA must strive to always solve disputes through negotiation. Where negotiation is not possible or fails, alternative 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 also is a mutually agreed method of dispute resolution, but the arbitrator(s) are given authority to render a binding decision.

Arbitration often is agreed to by contracting parties by including an arbitration clause in their contract.

Dispute resolution other than by negotiation must be done through the Legal Unit.

13.5 Payments

13.5.1 Financial management and payments

Financial management and payment refers to the timely processing of invoices for payment, according to the terms of the contract as well as the review of financial implications of contract changes, and the liquidation of financial securities (i.e. release of performance and advance payment securities) once the reason for requesting them no longer exists.

13.5.2 Payments

UNFPA contract managers shall ensure that the terms and conditions of payment are consistent with the ones specified in the contract document. Payment of invoices to vendors is made either by the field office or UNFPA Finance, as applicable, against POs financially received in Atlas.

UNFPA Finance Branch shall effect the payment in order to uphold the separation of duties between Procurement Personnel conducting the procurement process, and Finance Branch effecting the payment. This separation of the buying function and the payment function is a crucial factor in the principle of segregation of duties, and must be adhered to.

For cases where advance payments are involved, UNFPA's policy on advance payments applies. See [sections 6.5 a\) xiv](#)) and [13.5.3](#)

For payments or reimbursements on behalf of an implementing agency under National Execution (NEX), please refer to [section 11.3.6](#).

13.5.3 Advance Payments

Advance payments imply financial risks for UNFPA; therefore the following shall be observed prior to providing advance payments to a vendor:

Advance payments refer to payments effected prior to receipt of goods or performance of any contractual service. Such advance payments are distinguished from the case of contracts for services, where the contractual arrangements generally foresee performance of a series of services scheduled to be completed/delivered at subsequent times 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 any of such payments be requested in advance of delivery of an item or service specified in the contract they correspond to, they would be referred to as ‘advance payments’.

In accordance with UNFPA [Financial Rule 115.7 b](#)) progress payments may be authorized by the Field Office Manager or Chief, PSB, where appropriate (i.e. pursuant to commercial practice or in the interest of UNFPA). Progress payments, however, should be linked to the successful completion of requested deliverables.

According to the UNFPA [Financial Rule 115.7 a](#)), no contract shall be made on behalf of UNFPA which requires advance payment or payments (i.e. payment in advance of delivery of products or performance of contractual services).

However, exceptions can be made in accordance with the above cited Financial Rule if required to comply with “normal commercial practice” or deemed to be in the “interests of UNFPA”. Whenever an advance payment is agreed to, the reasons shall be recorded in the procurement file.

Normal commercial practice:

Examples of activities that are considered as “normal commercial practice” that may justify an advance payment are:

1. Start-up costs (mainly for services), such as purchase of airline tickets, down payments for rental/purchase of office premises/equipment on project site.
2. Payment of lease (premises), payment of water/gas/electricity, etc.

In such cases, no bank guarantee from the supplier and no separate approval within the organisation is required. In the event that a CO or business unit is not sure whether or not the relevant activity qualifies as normal commercial practice, advice should be sought from the relevant PSB procurement focal point.

Activities that cannot be considered as “normal commercial practice”:

Any request from the supplier for advance payment shall be justified in writing by the supplier in its offer. This justification shall explain the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the requested advance payment amount.

When the supplier’s proposal is being presented to the Contracts Review Committee at Headquarters (CRC) for recommendation for contract award, the assessment of the request for advance payment shall be summarized by the submitter, indicating whether or not an advance payment is justified.

In the event that a supplier requests an advance payment, UNFPA shall request the supplier to submit documentation regarding its financial status (e.g. audited financial statements). Previous experience of UNFPA with the supplier must also be investigated, if applicable, and the financial solvency and reliability of the supplier must be determined. This could be done, for instance, by consulting a financial report.

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

Advance payment below US\$50,000:

Advance payments of less than USD 50,000 do not require a bank guarantee but they must be approved by the Chief, PSB or the Head of the office.

A note signed by the relevant Field Office Manager explaining that proper due diligence has been conducted and that the risk to UNFPA has been minimized must be kept on file.

Advance payment equal or above US\$50,000

In the case that an advance payment for USD 50,000 or more is requested (except for when it is standard industry practice such as payment of gas, water, electricity or lease of premises), UNFPA must receive in advance an irrevocable guarantee, valid for the duration of the contract, made in favour of UNFPA from a bank or other guarantor of the supplier that is acceptable to the Chief, Finance Branch.

Before effecting the advance payment and after receiving the required advance guarantee, the field office must get confirmation from:

- Chief, Finance Branch that the wording and format of the advance guarantee is suitable for the purpose;
- the issuer (bank) that the advance guarantee document is valid and irrevocable (in particular if it is provided in the form of a certified check) through a physical visit to the bank.

If no bank guarantee can be provided a special approval to proceed with advance payment is required in writing by the CPO. When submitting such exception requests, proper justification shall be provided.

The table below summarizes the different advance payment situations:

Question: Does the advance payment request falls under “normal commercial practice”? (payment of gas, electricity, lease, etc.)		
If the answer is YES	If the answer is NO	
No bank guarantee from the supplier is required and no separate approval is required	<u>Advance payment value is less than USD 50,000:</u> - Bank guarantee optional (requirement to be determined based on the risk level to the organization) - If no bank guarantee is required, separate approval by Chief, PSB or Head of the office is required - If a bank guarantee is provided, no separate approval is required, but the wording of the guarantee must be cleared by the Chief, Finance Branch	<u>Advance payment value equals or exceeds USD 50K:</u> - A bank guarantee is required. No further approval is required but the wording of the guarantee must be cleared by the Chief, Finance Branch - If no bank guarantee can be provided, a special approval to proceed with advance payment is required from the Chief Procurement Official

Table 10: Advance payment and Bank guarantee requirements

13.5.3 Taxes

See [section 8.3.3](#)

13.6 Amendments and change management

Change management 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 Personnel to:

- 1) Negotiate the appropriate contract changes regarding cost, schedule, and quality and performance ensuring that the contract is amended so that it at all times defines the agreed expectations of both parties under the contract. The amendments must be documented to the contract file.
- 2) Ensure that the change conditions are reasonable and justifiable in terms of cost, time, and quality.

Once a contract has been awarded and signed, it may be amended only if the contract provisions allow modifications, and if additional related goods or services are to be provided/rendered by the same supplier in furtherance of the execution of the original contract. All other situations call for a new competitive selection process and establishment of a new contract.

Please refer to [section 2.5.1](#) Delegation of Procurement Authority when contract amendments result in a financial increase.

13.7 Contract termination or closure

Contract completion entails the confirmation that all obligations have been met, identification of any residual obligations and how they will be fulfilled, settlement of final payments, assessment of contractor, and the administrative closing of files.

Procurement Personnel must verify the following key steps in order to close a contract:

1. All products and/or services required have been provided to the buyer;
2. Documentation in the contract file adequately shows receipt and formal acceptance of all contract items;
3. No claims or investigations are pending on the contract;
4. Any UNFPA furnished property has been returned to UNFPA and discrepancies in number and condition resolved;
5. All actions related to contract price revisions and changes have been concluded;
6. All outstanding subcontracting issues have been settled;
7. If a partial or complete termination was involved, action is complete;
8. Original copies of all warranty documentation, including expiration dates, responsibilities and procedures to follow are finalized;
9. Any required contract audit has been completed;
10. The final invoice has been submitted and paid;
11. Performance securities have been returned to their owners;
12. Supplier performance evaluation has been completed (if applicable).

For Headquarters procurement undertaken by PSB, PSB will, when sending out the final signed contract, provide a contract closeout checklist to the relevant Headquarters business unit in order for the business unit to ensure contracts are properly closed out.

13.8 Property disposal

Please refer to the relevant section of [the Fixed Asset Management Policy and Procedures](#).

13.9 Maintenance of files

A procurement filing system must be established in order to capture all information related to the various procurement activities.

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.

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.

In order to minimise the amounts of hardcopies to an absolute minimum, offices will preferably operate with electronic tools such as SuperOffice (utilised by PSB).

The following documents must be kept on file for the duration specified in the UNFPA retention policy (see [section 2.1.3](#) for further details):

- Solicitation documents, including lists of invitees and bidders;
- All submissions from vendors (awarded, as well as not awarded);
- Bid receipt and opening reports
- Documents related to the technical and financial evaluation processes;
- Documents related to the contract approval process;
- Contractual instruments (including any amendments);
- Correspondence with the vendor on contractual matters;
- Proof of receipt of goods; and
- Proof of payment.

[Guideline for filing](#)

13.10 UNFPA-specific topics

There are no additional contract management processes specifically related to UNFPA operations.

14. COOPERATION

14.1 Cooperation with United Nations entities

14.1.1 Cooperation with other United Nations entities

To further collaboration between United Nations Entities and in support of United Nations initiatives, a Field Office Manager or the Chief, PSB may determine that cooperation with other organizations, agencies or programmes of the United Nations system is appropriate to meet the procurement requirements of UNFPA, 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 carrying out joint procurement activities, relying on the procurement decision of another United Nations Entity, requesting another United Nations Entity to carry out procurement activities on behalf of UNFPA or procuring goods, works or services from another United Nations Entity.

14.1.2 Joint solicitation

UNFPA may elect to undertake joint procurement activities with one or more United Nations 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 United Nations Entity. Cooperating United Nations 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 committee requirements of the lead United Nations Entity only, except in those cases where the applicable evaluation criteria or the resulting award differs from that of the Lead United Nations Entity. In the case where UNFPA is the Lead United Nations Entity it may provide for representation by the other participating United Nations Entities on the relevant Procurement Committee responsible for reviewing the procurement activity.

14.1.3 Reuse of United Nations entity tender results

For a single or related series of planned procurement actions, UNFPA may rely on the competitive selection process of another United Nations Entity, when, in UNFPA's estimation, the potential benefits of undertaking a new selection process would not justify the associated administrative costs. UNFPA 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 (12) month period after the validity date of the Offers;
- 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 the same price and the commercial terms are considered reasonable for the market; and
- d. the Vendor accepts UNFPA's terms and conditions.

14.1.4 United Nations entity LTA

The Field Office Manager, or the Chief, PSB may determine that the establishment of an LTA based on the terms of an existing LTA established by another United Nations Entity, or accession to such an existing LTA, may best meet the requirement. Establishment of a separate UNFPA LTA with the Vendor based on the terms of an existing United Nations Entity LTA or accession to an existing LTA is not subject to separate review by a UNFPA review committee, but should be treated as if it would have successfully passed the review by the competent UNFPA review committee (see [section 9.4.3](#)). However, the conditions specified under [section 6.3.3.3](#). Use of LTAs of other United Nations System bodies, must be adhered to and a separate [Memorandum of Agreement \(MOA\)](#) must be signed between the Vendor and UNFPA.

14.1.5 Procurement from a United Nations entity

When a Field Office Manager, or the Chief, PSB determines that a United Nations Entity has a particular expertise or capacity or has obtained favorable conditions in the procurement of certain goods, works or services, UNFPA may procure goods, works or services from another United Nations Entity, including through the establishment of a Memorandum of Understanding with the United Nations Entity. Procurement from another United Nations Entity must be approved by the Field Office Manager, or the Chief, PSB on the basis of adequate justification.

14.1.6 Outsourcing to a United Nations entity

Under certain circumstances it may be appropriate or necessary to request another United Nations Entity to carry out certain procurement activities on behalf of UNFPA ([Financial Rule 115.2\(b\)](#)). Outsourcing of procurement activities may be considered in situations such as those described below:

- a. **Expertise:** When UNFPA recognizes particular expertise of another United Nations entity in the procurement of specific goods, works or services, the Field Office Manager, or the Chief, PSB may authorize outsourcing for the specific goods, works or services and designate the United Nations Entity as the procurement agent for UNFPA.
- b. **Procurement Capacity:** When another United Nations Entity has the necessary procurement capacity that UNFPA does not itself have in a given location, the Field Office Manager, or the Chief, PSB may authorize the outsourcing of certain or all procurement activities for any period and designate the United Nations Entity as the procurement agent for UNFPA for those activities.
- c. **Administrative Capacity:** When UNFPA has neither procurement nor administrative capacity in a country, procurement actions may be undertaken on behalf of UNFPA by the representative of another United Nations Entity with the necessary procurement and administrative capacity (e.g. Representative of the local United Nations Development Programme), in accordance with the rules and regulations of the United Nations Entity, on the basis of an Agency Services Request.
- d. **Shared Services:** When in a given location a joint United Nations activity (e.g. Delivery as One United Nations initiatives) to provide certain administrative services to all partner organizations has been established with the necessary procurement capacity to achieve

economies of scale or to increase effectiveness and efficiency, the Field Office Manager, or the Chief, PSB may authorize the outsourcing of certain or all procurement actions for any period and designate the joint United Nations activity as the procurement agent for UNFPA and will inform the Chief Procurement Official, CPO. The rules and procedures established jointly by the participating United Nations Entities for that activity or for joint procurement activities, including review requirements will be applicable.

14.2 Cooperation with governments

14.2.1 Definitions

Third Party Procurement (TPP) constitutes the conduct of specific procurement actions by PSB for or on behalf of a third party (i.e. governments, specialized agencies, other intergovernmental or non-governmental organizations, international financial institutions, etc.) on the basis of a legal arrangement. These activities have no direct programme component, and are undertaken when a third party outsources procurement to UNFPA. UNFPA's procurement services for external clients are also known as AccessRH (see [section 14.2.2](#)). UNFPA's responsibility for the goods ends with delivery according to the delivery terms specified in the proforma invoice. Under TPP, UNFPA is not responsible for custom clearance (see [section 12.5.6](#)). TPP is subject to a cost recovery rate of 5% of the total cost of the goods including freight, insurance, sampling, inspection and testing. Because of UNFPA administrative cost and considering that the fee charged by UNFPA is minimal, requests for TPP for items not covered by an LTA must be above USD 100,000 (exceptions will have to be approved by the Chief, PSB).

Funds must be received in UNFPA's bank account prior to initiating procurement activities with the exception of some United Nations agencies (please contact your PSB focal point for guidance) and when the bridge financing mechanism is being used. For more information on this mechanism, please see the [Pledge Guarantee for Health](#).

TPP clients will need to follow these general steps:

- a) PSB (buyer) receives communication from the client and provides the [Request Form](#) template to the client;
- b) The client submits the completed Request Form to PSB, detailing any Supplies it wishes UNFPA to procure;
- c) PSB (buyer) analyses the request and checks if the client has already a specific agreement with UNFPA, approved under the 2011 revision;
 - If the client has a specific agreement PSB (buyer) will use the procedures and provisions of the agreement;
 - If the client does not have a specific agreement, then PSB (buyer) follows the general process;
 - In cases where clients request an specific MOU, rather than using the Service Conditions, PSB (buyer) will require prior authorization of the Chief of Procurement;
- d) PSB (buyer) issues a Pro Forma Invoice, attaching (1) the [Service Conditions](#) and (2) Pro Forma Invoice Acceptance, which are sent to the client;

- e) The client will complete the Pro Forma Invoice Acceptance within the validity period stated in the Pro Forma Invoice;
 - If acceptance is not confirmed during the validity period the Pro Forma Invoice is cancelled;
- f) The client must make a full advance payment to the bank account as stated in the Pro Forma Invoice, which must be made within the validity period stated in this document, if the payment is made after the validity period PSB (buyer) will have to request the approval of the PSB Finance team;
 - If PSB Finance team rejects the operation then PSB (buyer) repeats the process in this section 14.2.1. d;
 - If PSB Finance team approves the operation then PSB (buyer) follows the general process;
- g) Once the customer confirms the acceptance of the Pro Forma Invoice and disburses the specified amount to UNFPA, PSB (buyer) shall notify that the procurement will proceed;
- h) PSB (buyer) requests the PSB's Finance team to create a Customer ID in Atlas. Funds received from the customer will be applied against a unique Customer ID, created for every new third party customer, and which serves as an identifier for the transactions in Atlas throughout the procurement process. With the assistance from PSB's Finance team, the PSB (buyer) handling the procurement activity will be responsible for monitoring the status of all procurement transactions until their completion.

Distinction between TPP and CFA (Co-Financing Agreement) procurement activities can be found [here](#).

The policy on TPP versus CFA can be accessed [here](#).

14.2.2 AccessRH

AccessRH is a procurement and information service offered by UNFPA (via PSB) to third party clients (see [section 14.2.1](#) for information on Third Party Procurement). The service provides external partners with access to UNFPA-procured supplies, including some items available from stock. Items from stock are also available for UNFPA Programmes. The [MyAccessRH](#) webportal includes the AccessRH Catalog, various tools and instructions on creating an order for supplies. It also houses the RHInterchange, which provides continuously updated data on global contraceptive orders and shipments. The data comes from major contraceptive donors and procurers, including IPPF, UNFPA, USAID and several others, and contains historical and current information on contraceptives for most countries. The site allows ministries of health, NGOs, advocacy groups, manufacturers and donors to access critical information for decision making on contraceptive orders and actual monitoring of current shipments.

For more information about AccessRH, please visit www.MyAccessRH.org.

14.3 Cooperation with other organizations

14.3.1 Grants, revolving funds and pooled funds

UNFPA's provision of grants to institutions, revolving funds and pooling of funds for sector wide approaches (SWAPs) do not fall into the category of procurement of services. Operational guidance related to the handling and management of these funds can be found in [the Country Programme Implementation](#).

14.3.2 Implementing partners

The selection of an implementing partner is not a procurement process. [See Policy and Procedures for Selection and Assessment of implementing partners](#)

[Guidance note: Programme versus Procurement activities](#)

14.4 UNFPA-specific topics

There are no additional cooperation topics specifically related to UNFPA operations.

15. TRANSVERSE TOPICS

15.1 Global Compact

Suppliers should be encouraged at time of solicitation to consider joining the United Nations Global Compact and to look into other ways to help reduce their environmental impact (more information can be accessed at <http://www.unglobalcompact.org/>).

15.2 Sustainable Procurement

UNFPA seeks to reduce the environmental impact of its operations and promote environmental stewardship by integrating environmental performance considerations in procurement processes. UNFPA is committed to advance the protection of the environment and support sustainable development by integrating environmental performance considerations into the procurement decision-making process.

Through the increased promotion of environmental sustainability, and by integrating the application of environmental performance considerations in its procurement process, UNFPA is in a position to influence the demand for environmentally preferable goods and services and the ability of the industry to respond to the escalating use of environmental standards in the global market.

Environmentally preferable goods and services are those that have a lesser or reduced impact on the environment over the life cycle of the good or service, when compared with competing goods or services serving the same purpose. Environmental performance considerations include, among others:

- The reduction of greenhouse gas emissions and air contaminants,
- Improved energy and water efficiency,
- Reduced waste and support reuse and recycling,
- The use of renewable resources,
- Reduced hazardous waste,
- Reduced toxic and hazardous substances.

Environmental considerations, whenever applicable, must be applied to all procurement activities, including Third Party Procurement, conducted by UNFPA at all locations.

Procurement Personnel should ensure that the environmental considerations are realized while maintaining compliance with all relevant Rules and Regulations.

Consistent with the overall objectives of value for money in procurement, UNFPA should ensure whenever applicable that environmental performance considerations are incorporated: from planning, identification and definition of requirements, acquisition, operation and maintenance to disposal of goods or closure activities of acquired services.

Supplier must be required to address their environmental policy stance in the bid process. In the review of suppliers for the pre-qualification process, information of the supplier's environmental impact must be obtained as part of the site audit process.

However, environmental considerations shall not be the exclusive conditions for UNFPA's procurement decision and action. Such considerations shall be made in line with UNFPA's procurement principles.

15.3 Risk Management

15.3.1 Quality assurance policy

To support UNFPA's mandate and assist governments to deliver sexual and reproductive health care to women, quality and value for money reproductive health commodities must be procured from reliable manufacturers and suppliers. UNFPA is committed to offering reproductive health commodities that meet internationally-recognized quality standards and requirements. Providing products of sub standard quality is first and foremost a disservice to the clients and partners UNFPA serves, and this usually results in adverse publicity.

UNFPA's current approach to [quality](#) is based on quality assurance criteria that recognizes good practices and past experience with suppliers. UNFPA in recent years has strengthened the quality assurance of reproductive health commodities.

UNFPA procures the following reproductive health commodities:

- Condoms and IUDs;
- Pharmaceuticals including hormonal contraceptives, anti-bacterials, analgesics, anaesthetics and other pharmaceuticals;
- Medical devices including medical equipment;
- Emergency Reproductive Health Kits;
- Consumables and supplies.

It is UNFPA's policy to engage only with manufacturers who conform to current good manufacturing practice (GMP) standards. UNFPA quality assurance system for all the reproductive health commodities covers, on top of the GMP requirement, the following:

- Detailed technical specifications for all catalogued items;
- Evaluation of manufacturers for quality of their products, this includes UNFPA/WHO prequalification (condoms, IUDs, hormonal contraceptives) and technical evaluation (Medical devices, Emergency Reproductive Health Kits and other Medical equipment);
- During bid solicitation, request for samples and testing of products before tender is awarded;
- Suitability of packaging and labeling for each product and compliance with WHO standards;

- Pre-shipment inspections for medical devices and pharmaceuticals including test reports (certificates of analysis) to accompany any shipment;
- Continuous monitoring of manufacturers for competence and other performance criteria such as knowledge and experience.

As can be seen from [UNFPA Quality Assurance policy](#) for reproductive health medicines, the emphasis is on procuring contraceptives from prequalified manufacturers or manufacturers that have undergone thorough review and evaluation by technical experts either through the WHO Expert Review Panel or the internal technical review committee process.

UNFPA was delegated by WHO in 2005 to manage the prequalification programme for male condoms and IUDs for public sector procurement and later, in collaboration with WHO, started the technical review process for female condoms. Since 2001, UNFPA as well as other United Nations agencies and NGOs, only procure condoms and IUDs from the [prequalified list](#) of manufacturers which is maintained and updated by UNFPA. The prequalification is not only limited to document review and factory inspections but is supported with pre-shipment sampling and testing and re-qualification of manufacturers every 3 years. Medical devices including equipment and the consumables are procured from manufacturers who meet the technical specifications and the quality standards for medical devices. All manufacturers have to conform to medical devices regulations and be in possession of ISO 13485 and/or ISO 9001. The quality assurance process follows the technical evaluation for quality, sampling and testing.

Quality assurance requires teamwork and, therefore, feedback is paramount to ensure that lessons can be learnt and that these lessons can translate into better ways of doing things, and ultimately into delivery of appropriate quality products. Any quality problem with a product procured by UNFPA must be referred to PSB. Relevant contact details for Personnel in country offices and other UNFPA locations to provide feedback on quality matters can be accessed [here](#).

15.3.2 Quality control and monitoring

Quality control and monitoring are an important part of quality assurance. UNFPA's quality control product monitoring along the supply chain is according to UNFPA [Quality Assurance Policy](#) and in line with the WHO Model Quality Assurance System for procurement agencies. Core reproductive health items procured by UNFPA may be sampled and tested for quality control by UNFPA's appointed independent laboratories at any time.

UNFPA uses ISO 17025 accredited laboratories with the scope of the accreditation covering the relevant product category. Countries have the authority to request for post shipment sampling and testing of received commodities and UNFPA will respect the country's regulatory product quality monitoring programmes.

However, in order to prevent duplication and promote better coordination of quality control and testing, countries are requested to inform PSB of their regulations.

- Condoms:

Every batch of condoms undergoes pre-shipment sampling and testing by ISO 17025 accredited laboratories for the testing of male and female condoms. UNFPA shall only procure condoms that comply with requirements of the WHO/UNFPA Specification for Male Latex Condoms, 2010 or the WHO/UNFPA Specification for Female Condoms, 2012, which are based on the requirements of ISO 4074 for male condoms and ISO 25841:2011 for female condoms. It is not recommended to perform post shipment testing of UNFPA procured condoms as they are from prequalified manufacturers and they have been pre-shipment tested. The resources can be better used in random sampling and testing and post market surveillance. However, inspection of the received shipments should be conducted to document status of the condition and any useful information such as storage conditions during shipment that may warrant or inform on any post shipment testing decision. Any discrepancies with packaging and labeling requirements should be documented and advised to PSB. In the event of post shipment testing being done, it should be restricted to randomly selected Lots and the testing should be limited to only the critical performance parameters, i.e. freedom from holes, airburst properties and package integrity.

- Pharmaceuticals:

Each batch is received in the country with a certificate of analysis performed after production. Only batches that are within the stated specifications will be accepted by UNFPA. Some countries conduct systematic laboratory testing of all pharmaceuticals received. Use of ISO 17025 or WHO prequalified laboratories with experienced laboratory personnel with access to appropriate equipment is highly recommended. The laboratory should be testing according to the appropriate pharmacopeia specifications and standards. In the event of test results being out of specifications as confirmed by an ISO 17025 accredited or WHO prequalified laboratory or non compliant on other parameters such as packaging, a complaint will be send to the manufacturer for the batch to be replaced.

- Medical devices:

Medical devices ordered by PSB also undergo pre-shipment inspection. PSB-contracted inspection and testing are conducted by independent inspection agencies against specifications used in the bid document and with international standards and specifications and testing methods. On receipt, inspection should include packaging, instructions for assembly (if relevant), instruction for use, any missing components or parts. A report on the condition of the items on receipt as well as the above and any feedback from users during use (surgeons, other health care providers) should be provided to PSB.

15.4 UNFPA-specific topics

15.4.1 Global Contraceptive Commodity Programme (GCCP)

15.4.1.1 Background

The GCCP was established by the [Executive Board decision 95/36](#). It provides essential stocks of contraceptives, including male latex condoms inventory currently managed through the [AccessRH system](#), and reproductive health kits for urgent and emergency requests for

contraceptives and humanitarian intervention in developing countries. Additional information on inventory can be found in the [Inventory Management Policy](#).

The necessity to arrange contraceptive stock holdings resulted from the often-lengthy lead times for commonly requested contraceptive products for the international public sector. The ready availability of stocks is therefore required to avert potential disruptions to national contraceptive provision programmes and the need to rely on costly utilization of airfreight to the designated recipient. The programme's long-term objective is to contribute to the overall strengthening of reproductive health programmes by improving mechanisms and modalities for addressing unmet needs for contraceptives, increasing choice and ensuring quality in meeting the needs of individuals. Moreover, the programme aims to ensure that national capacity-building, particularly in terms of contraceptive forecasting and logistics management, is promoted and strengthened through such inputs as technical training and technical advisory services, and by improving warehousing, stock-keeping, transport and management information systems.

15.4.1.2 Funding

UNFPA's contribution to the GCCP operates as a revolving fund in order to purchase inventory. This revolving fund may be supplemented by donations from governments and/or funding agencies with the agreement of the Executive Director. This revolving fund is managed by PSB.

15.4.1.3 Inventory management

PSB establishes and maintains policies and procedures relating to the supply operations of the GCCP, and supervises the procurement operations of the programme. Under the supervision of the Chief, PSB, the Emergency Procurement team (in case of Emergency RH Kits) and the AccessRH team (in case of contraceptives held in stock) is responsible for:

- Establishing and administering the stock of commodities,
- Insurance coverage of stock while under UNFPA's risk,
- Preparing updates and reports, and
- Liaising with Finance to ensure IPSAS and other requirements are followed.

PSB has negotiated favorable rates and entered into an agreement with an insurance broker to ensure adequate insurance coverage for loss or damage of all stocks to which title has been secured by UNFPA.

For more information, please access the [Policies and Procedures for Inventory Management](#).

15.4.1.4 Stock ordering and replenishment

Stock is held on suppliers' premises at minimal cost to UNFPA. Alternately, PSB will, based on inspection, secure premises suitable for the storage of medical and pharmaceutical products. Stock is issued on a first expiry, first out basis. Because consumption fluctuates, replenishment of inventory is performed as required. Inaccurate stock calculations may result in significant supply failures or expensive losses due to deterioration.

15.4.1.5 Annual stock check

In addition to monthly stock reports provided by suppliers certifying clear title of UNFPA to the goods, PSB manages an annual stock check of commodities to which UNFPA has secured title.

Inspections are conducted by suitably experienced employees, or contractors guaranteeing competence, ethics, and security. The physical count will be reconciled with the inventory records maintained by the Emergency Procurement Coordinator in PSB. Discrepancies will be investigated by the Chief, PSB, who will submit a report of his/her findings to the Director, DMS, for review, along with recommendations for further action. In the event of non-conformity, the supplier must correct the deviation, and the facility must be re-inspected. Invoices for re-inspection are to be deducted from amounts owed to the supplier.

During the annual stock check, the following will be noted and reported:

- Supplier's name and location of storage facility,
- Warehousing practices and facilities including availability of temperature controlled storage,
- Proper security,
- Correct labeling of stocks, including batch number and date of manufacture,
- Visual deterioration of stocks,
- Inadequate packing and packaging,
- Improper storing or stacking, including dangerous storage and fire hazards, and
- Maintenance of inadequate records.

15.4.1.6 Procurement of Emergency Reproductive Health Kits from GCCP stock

In case there is a need to place an order for procurement of Emergency RH Kits from stock it is important to consult the [Manual on the Inter-Agency for Reproductive Health Kits for Crisis Situations](#) in order to get the appropriate information on the components of the kits, the quantities that should be ordered as well as on the dimensions of the ready-packed kits for transportation and warehousing information.

If the decision for procurement has been finalized and the funding has been identified, the Country Office should duly complete Part I of the ERH Kits Form which can be found on the [Procurement Services Branch portal](#). The ERH Kits form also contains the most updated information on the prices of the ERH Kits.

The completed form should be sent to the attention of the PSB Emergency Team at rhkits@unfpa.org for further perusal. If the country office has been contacted by an external partner who expressed the interest in procuring ERH Kits then the ERH Kits form for External Clients should be completed and sent to the Emergency Team for further processing. This form is also available on the [PSB portal](#).

Based on the information received in the Part I of the ERH Kits form, the Emergency Team will provide the country office or the external client with a full quotation, including freight and insurance costs and the 5% handling fee.

If the Country Office is in agreement with the quotation and confirms its approval for arranging the dispatch of the kits, the Emergency Team will authorize the supplier to ship the kits to the consignee destination. In the case of external clients, they will have to confirm their agreement with the provided quotation by reverting with a signed copy of the ERH Kits form under Part III.

Also, an external client will transfer the full amount as per the quotation before the Emergency Team can authorize the supplier to dispatch the kits.

For any additional information regarding ordering of Emergency RH Kits, the country office shall contact the Emergency Procurement Team at rhkits@unfpa.org.

15.4.1.7 Quality assurance

To ensure the quality of the commodities supplied under the GCCP, the following quality assurance testing guidelines apply:

- The Emergency RH Kits are subject to inspection for conformity to the specifications on an annual basis. The inspection is performed in cooperation with the designated Technical Advisor from Humanitarian Response Branch.
- Manufacturers are required to replace all stocks that are found not to conform to specifications that are within normal shelf life (at no cost to UNFPA).

For more details on quality assurance please see [section 15.3.1](#) of this document.

15.4.1.8 Disposal of unusable stock

Unusable contraceptive products can constitute a hazard to public health, and must be disposed of by destruction. Disposal of spoiled or damaged stocks of contraceptives is to be arranged as soon as possible after discovery. A [submission](#) to the UNFPA Property Survey Board through the CRC at Headquarters is prepared for their review (in accordance with UNFPA [Financial Rule 114.12](#)) and approval prior to destruction.

To ensure the integrity of the disposal action, an independent observer appointed by the supplier, usually an international surveillance company, is required to be present at the time of destruction and the supplier confirms disposal.

15.4.2 In-kind contributions

In the event of in-kind contribution, Appendix C Quality Assurance Form, in the [pro bono agreement](#) shall be completed by the donor. In case the receiving unit has questions or concerns related to the quality of the goods and services to be received, PSB shall be consulted.