



Procurement Manual

BUREAU OF MANAGEMENT

OFFICE OF LEGAL AND PROCUREMENT SUPPORT

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Chapter 1: DELEGATION OF PROCUREMENT AUTHORITY

1.1 General:

- a) The procurement functions include all actions necessary for the acquisition, by purchase or lease, of goods, works and/or services. *See Financial Regulation 21.01 (a)*
- b) The oversight and approval authority for the procurement function is delegated to the Assistant Administrator, Bureau of Management, as Chief Procurement Officer (CPO) of the organization. *See FRR 121.01 (a) On procurement authority*
- c) The CPO has delegated the authority to Resident Representatives, Heads of Bureaux, Heads of units away from the headquarters and Heads of offices reporting directly to the Administrator for award of contracts less than USD100,000 without review by the Advisory Committee on Procurement (ACP). However all the Contracts exceeding USD30,000 which are seeking Waiver for Competitive bidding, must be referred to the CPO for approval.
- d) The Resident Representatives/Directors of Bureaux/Heads of other units may further delegate procurement authority to their staff to carry out the procurement activities. But in going so, the Heads still retain responsibility for the overall efficient and cost-effective procurement. They need to ensure compliance with all relevant financial regulations, rules and procurement procedures. *See FRR 121.01 (a) on procurement authority*
- e) The delegation of procurement authority is granted on an individual basis and requires authorized officials to adhere to the relevant portions of the concerned instruments. In case of any inconsistency or ambiguity between them, these instruments must be applied in the following order of priority. *See FRR 121.01 (b) on compliance with Financial Rules*

Article 100 of the Charter of the United Nations;
UNDP Financial Regulations and Rules;
The Staff Regulations and Rules of the United Nations;
The applicable administrative instruments;
UNDP Finance Manual;
UNDP Procurement Manual.

- f) The list of staff, who have been delegated the procurement authority, must be provided to the Comptroller, along with the limit and period for which the delegation has been issued.

1.2 Increase in Procurement Authority:

- a) An increase in the delegation of authority can be sought from the CPO based on the anticipated monetary volume of the programme to be expended during the year. The thresholds are as follows:
 - i. An ad-hoc limit in excess of USD300,000 for Resident Representatives and Heads of decentralized units in countries with annual programme delivery in excess of USD50 million;
 - ii. USD300,000 limit for country offices and decentralized units with a total annual programme delivery between USD10-USD50 millions;
 - iii. USD100,000 limit for country offices and decentralized units with a total annual programme delivery of less than USD10 million;
- b) A request for a delegation of increased authority to the Resident Representative should be forwarded to the CPO, through the Director of the Regional Bureau. For other decentralized units/offices such as United Nations Volunteer Programme (UNV), Inter-Agency Procurement Services Office (IAPSO), Liaison office etc. the request shall be forwarded to the CPO through the headquarters manager to whom that unit/office reports. The request must be accompanied with the checklist for Increased Delegation (Annex IV);
- c) The increased authority will normally be granted by the CPO for a specific period and may therefore need to be renewed periodically.

Chapter 2: ADVISORY COMMITTEE ON PROCUREMENT

2.1 Purpose

The Advisory Committee on Procurement (ACP) has been established to review and render written advice to the Assistant Administrator, Bureau of Management, in his capacity as Chief Procurement Officer (CPO) of UNDP, on UNDP's procurement actions in respect of the following categories:

- a) Proposed contract which involve commitments to a contractor in respect of a single requisition for a specific project or purpose, or a series of requisitions relating to the same specific project or purpose, totalling USD100,000 or more in a calendar year (January – December).
- b) Proposed contracts or series of related contracts which involve income to UNDP of USD10,000 or more; and any contacts relating to activities where the annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year amounts to USD10,000 or more, provided that contractual arrangements resulting from the recommendations of the UNDP Property Survey Board shall not be referred to the ACP.
- c) Any contract amendments or series of amendments which in aggregate have a value of USD100,000 or more or which would increase the amount of the contract as previously recommended by the Committee by more than 20 per cent, whichever is less.
- d) Proposed contracts of any value which could reasonably lead to a series of related contracts the total of which may be USD 100,000 or more; and
- e) Such other matters relating to procurement as may be referred to the Committee by the Assistant Administrator, BOM.

See FRR 121.01 (b) provision (ii) to establish review committee.

2.2 Terms of Reference

The TOR of the ACP are as follows:

- a) Ensure that the proposed procurement action is in accordance with UNDP Financial Regulations and Rules, procedures and instructions.
- b) Review the procurement process to ensure that it is fair, competitive, transparent and provides best value for money.
- c) Examine the financial and legal implications of the proposed contract.
- d) Review the evaluation process including the environmental impact.
- e) Ensure that appropriate funds are available to cover the cost of the proposed contract.

2.3 Composition of the ACP

The Committee is composed of a chairman, 3 regular members, Procurement Adviser as an ex-officio member and a secretary. No member may participate in the deliberations of the Committee regarding any submission originating from the member's own office unless requested to do so by the Chairman.

The member in such cases may under no circumstances participate in the final vote. The composition of the Committee is determined by the Assistant Administrator, Bureau of Management.

Members of the Committee are chosen because of their long and broad experience, which would enable them to make objective evaluations of data submitted to them by contracting offices.

Submitting Offices, including BoM, and the Regional Bureaux in the case of Government Execution, are invited to send their representative to ACP meetings as observers whenever their submissions are being dealt with.

2.4 Schedule of Meetings

The Committee normally meets every fortnight. A schedule of meeting for the entire year is made available to all members and submitting office at the beginning of each calendar year.

A quorum consisting of the Chairman, 3 Members and the Secretary is necessary for any meeting to take place.

2.5 Submission to the ACP

Only officers duly authorized by the Assistant Administrator, BoM, to enter into contracts or other Agreements, may submit proposals to the ACP.

Submissions to the AC must be complete, according to the checklist attached herewith. (**Annex III**)

In order to facilitate the work of the Committee and to allow sufficient time for review, the submission must be received by the Secretary four working days prior to the date of the next scheduled meeting. Submissions received after the cut-off date will not be reviewed at the next meeting.

The Committee may, as required, invite representatives from submitting and/or funding offices to provide clarification on any points of the submission.

If the Committee recommends to defer consideration of a submission for the purpose of obtaining further relevant clarification, and this recommendation is endorsed by the Assistant Administrator, BoM, the submitting office concerned should obtain the supplementary information requested and resubmit proposal to the Committee at the next appropriate meeting.

2.6 Procedures for Urgent Submissions

The submitting office may exceptionally request, through the Chief Procurement Officer, the Committee to consider cases on an urgent

basis. The reasons for the urgency of the case and a full explanation as to why it was not possible to submit the case earlier must be provided, together with the submission, to the Chief Procurement Officer. If sufficient reason is given, he may approve the case for urgent consideration by the Committee, either:

- a) by approving for the consideration of the Committee a case waiving the four-day limit;
- a) by requesting the chairman to circulate the submission to members, to receive the comments and to make a recommendation to him;
- c) by requesting the chairman to convene a special meeting of the Committee.

In all cases, the submission must be written and complete, as per the standard format. Please see OLPS web site, Procurement Forms and enclosed checklist.

2.7 Recommendations of the Committee

The Secretary of the Committee is responsible for preparing and distributing a draft of the official minutes of the meeting and obtaining clearance of this document by all Committee Members. The draft minutes shall be signed by the Committee Chairman. The Chairman will transmit the Committee's recommendations together with the written summary record of its deliberations to the Assistant Administrator for approval not later than three working days after the meeting.

See FRR 121.01(b) provision (iii) on advice of the review committee.

In cases where the Assistant Administrator decides not to accept the advice of the ACP, he/she shall record the reasons for such decisions.

The decision of the Chief Procurement Officer together with the recommendations of the Committee and the minutes of the meeting shall be copied by the Secretary to the submitting units concerned as well as to all those who were in attendance at the meeting.

Chapter 3: LOCAL CONTRACTS COMMITTEE (LCC)

3.1 Scope

A Local Contracts Committee should be established by the Resident Representative at every UNDP Country Office, to render written advice to the Resident Representative on procurement actions. This may also be established at Headquarters by the Directors of each Bureau/Office to seek advice on the following procurement actions:

See FRR 121.01 (b) provision (ii) to establish review Committee.

- a) Proposed contracts which involve commitments to a single contractor in respect of a single requisition for a specific project or purpose, or a series of requisitions relating to the same specific project or purpose, involving commitments totalling from USD30,000 or more in a calendar year (January – December).
- b) Any contract amendment, or series of amendments, which in aggregate either has a value between USD30,000 to USD99,999 or which would increase the amount of an already approved contract, as previously recommended by the Committee, by more than 20 percent, whichever is less.
- b) Proposed contracts of any value which could reasonably lead to a series of related contracts, the total of which may be USD30,000 to USD99,999.
- c) Such matters relating to procurement as may be referred to the Committee by the Resident Representative. This may, if the Resident Representative/Director of the Bureau or Office so decides, include contracts or series of contracts totalling less than USD30,000 as well as those totalling USD100,000 or more, the latter for which final approval authority rests with the ACP.

3.2 Terms of Reference (TOR)

The TOR of the LCC are as follows:

- a) Ensure that the proposed procurement action is in accordance with UNDP Financial Regulations and Rules, procedures and instructions.
- b) Review the procurement process to ensure that it is fair, competitive, transparent and provides best value for money.

- c) Examine the financial and legal implications of the proposed contract.
- d) Review the evaluation process including the environmental impact.
- d) Ensure that appropriate funds are available to cover the cost of the proposed contract.

3.3 Composition of the LCC

- a) The composition of the LCC shall be established by the Resident Representative, in consultations, as appropriate, with The Assistant Administrator, BoM, and may include, on an ad-hoc basis representatives of other UN System Agencies. In this later case, however, the Resident Representative should record the reasons for such broader inclusion. The LCC should preferably be composed of a Chairman, at least two regular members with equal numbers of alternates, and a Secretary.
- b) No member or alternate member may participate in the deliberations of the LCC regarding any of his/her requests or submissions, unless specifically asked to do so by the Chairman, for clarification or presentation purposes. If so requested, the minutes should reflect the reasons. No such member or alternate may, under any circumstances, be considered part of the membership whose recommendations are reflected in the minutes.
- c) At all times there must be a majority of UNDP staff in the composition of the LCC and its Chairman must in all cases be a professional staff member of UNDP, preferably a Deputy Resident Representative. As available, at least two of the three other members should be international professional staff. For those offices that do not have international UNDP staff members, exceptional arrangements would need to be made by the Resident Representative, in consultation with the Chief Procurement Officer, including the use of other UN Agency staff based in the same country.

The members of the LCC are appointed to serve in their individual capacity, providing to the Resident Representative objective independent advice on all matters referred to the LCC in accordance with the terms hereof, with due regard to the financial Regulations and Rules.

3.4 Submission to the LCC

The submitting UNDP official, shall prepare all documentation related to the procurement of goods or services. The LCC will require, as a minimum, the following documentation:

- a) Completed submission form (see OLPS website, Procurement Forms) containing the minimum information necessary for a reasonable assessment to be made, and
- b) Copy of the Request for Quotation/or Invitation to Bid (ITB) or Request for Proposals (RFP).

3.5 Documentation

- a) The Resident Representatives shall ensure that full documentation on his or her decision, the recommendations of the LCC meetings (submissions, bids and proposals reviewed, minutes of meetings), are maintained for a minimum of five years.
- b) The Resident Representative shall forward to the CPO annual summary report on all recommendations by the LCC and all decision made him, and a summary of all signed contracts exceeding USD30,000.

The summary should comprise the following data:

Name of the supplier
Value of the contract
Types of goods and service procured
Country of supply/origin

For format, please see OLPS website, Procurement Forms.

Chapter 4: ACCELERATED APPROVAL BY THE CPO

- a) To expedite the procurement process for contracts value at \$100,000 or more, the approval of the CPO can be sought directly on an urgent basis without prior review by the ACP, if the following conditions are met:
 - i. International competitive bidding was conducted in accordance with UNDP's general principles of the procurement (Best value for money, fairness effective competition and integrity).
 - ii. At least three technically qualified bids or proposals were received.
 - iii. In the case of bids, the bid of the selected contractor is the lowest in monetary terms.
 - iv. In the case of proposals, the technical proposal of the selected contractor scores the highest, and its financial proposal is the lowest.

- b) All submissions by the Country Offices need to be reviewed by the LCC prior to its submission to the CPO. Request for approval should be sent by using the standard form. Resident Representatives or Heads of Offices with delegated authorities must submit within one month after approval by the CPO, contracts approved under this procedure to OLPS for review by the ACP.

**Chapter 5: EXCEPTIONS TO COMPETITION
(WAIVER OF COMPETITIVE BIDDING)**

5.1 General:

5.1.1 Competition is the foundation of UNDP procurement. Avoiding this is one of the most serious departures a procurement officer can make. Strict review and approval processes therefore, have been established to ensure that the waiver process is not abused.

See FRR 121.05 (a) provision (ii-x) on exception to competition.

5.1.2 All requests seeking waiver of competitive bidding (i.e. for contracts exceeding USD30,000) must be submitted to the CPO for final approval, following review by LCC and ACP (USD100,000 or more). For contracts of up to USD30,000, the Resident Representative is authorized to waive short listing and competitive bidding. The Resident Representative must ensure that a record is made of the reasons for waiving competition.

5.1.3 Submissions to LCC and ACP for waivers shall be reviewed against the following list of permissible reasons and the justification for its use.

Permissible Reasons	Justifications/Practical Considerations
a) Established prices/rates.	Indicate name of regulatory body or law that controls rates or establishes prices. Attach a current printed rate schedule, if available.
b) Proprietary product or service.	Explain why other sources do not have the capacity to perform adequately.
c) Standardization	Provide plain, simple, direct information based upon facts so that a person without technical expertise can follow the rationale.
d) Cooperation with other UN organizations.	To piggy-back the agreement entered into by any other UN organization. Please provide the copy of their agreement.
e) Competitive Bidding conducted for the same item during the last year.	Provide detailed information on prices and delivery. There should be no increase in prices.
f) Competitive Bidding conducted during the last year has not produced satisfactory results.	Provide detailed summary of the previous competitive bidding process and its outcome.
g) Procure or lease Real Property.	Provide the prevalent market rates in that area.

Permissible Reasons	Justifications/Practical Considerations
h) Urgency	Include the following in your justification: A description of the urgency (the urgency cannot be the result of slow administrative processing or a general lack of planning). An explanation of how the non-competitive purchase will meet the schedule. A discussion of the adverse impact that the UNDP would suffer if the delivery schedule were modified to permit competition.
i) Professional services that cannot be objectively evaluated.	This relates to Research and Development Services.
j) Formal solicitation will not give satisfactory results.	Please provide the detailed cost estimates.

5.1.4 While seeking waiver, always focus the discussion on why obtaining other bids or proposals is impractical, rather than on side issues such as the reputation or experience of the proposed supplier. In addition here is a need to provide some indication of why the price is fair and reasonable, and why it is competitive.

5.2 Countries in Special Development Situations

5.2.1 In emergency situations with a need for quick action and immediate results, modifications in the normal procurement rules may be made as described below. The modified rules may be applied once the Programme Management and Oversight Committee (PMOC) has declared a programme country to be in a special development situation.

5.2.2 For contracts of up to USD30,000, the Resident Representative is authorized to waive short-listing and competitive bidding in procurement. The Resident must ensure that a record is made of the reasons for waiving competition.

- 5.2.3** For contracts of up to USD100,000, the Resident Representative may waive the requirement to call for invitations to bid or request for proposals, provided that competitive quotations that conform to the specification and delivery schedules have been assessed. The Resident Representative must ensure that a record is made of the reasons of waiving invitations to bid or request for proposal, and that a copy of the record is sent to the Chief Procurement Officer.
- 5.2.4** For contracts involving commitments of USD100,000 or more, the Resident Representative may request the Chief Procurement Officer directly to waive the requirement for Invitation to Bid or Request for Proposal. The steps are as follows:
- (a) The Resident Representative requests a waiver, explaining why time does not permit the normal procedures to be followed, and the alternative procurement arrangements that he/she proposes to make;
 - (b) If the Chief Procurement Officer approves the request, he/she will require that the proposed contract be submitted to the Local Contracts Committee (LCC) if the cost is between USD100,000 and USD300,000, and to the Headquarters' Advisory Committee on Procurement (ACP) for contracts of USD300,000 or more;
 - (c) The Resident Representative ensures that the Chief Procurement Officer is informed within one month of the award of all contracts between USD100,000 and USD300,000 by providing a copy of the signed contract together with the justification for the selection of the contractor. This procedure replaces the normal annual reporting requirement of the LCC to the Chief Procurement Officer.
- 5.2.5** For project procurement by UNDP in countries in special development situations, the Resident Representative may authorize procurement from a local contractor., This may be done provided that the price is competitive and that the goods are immediately available either from within the country or from a neighbouring country.

Chapter 6: PROCUREMENT PLANNING

6.1 General:

Procurement planning is essential for the effective and timely solicitation of bids or proposals, award of contracts and delivery of the goods and services required. The following issues need to be addressed during this stage.

*See FRR 121.03 (a)
on acquisition
planning*

- a) Method of Procurement;
- b) Existing list of potential sources;
- c) Ensuring funds availability and authorization;
- d) Preparing and providing adequate purchase descriptions;
- e) Delivery time;
- f) Evaluation criteria;
- g) Justification for non-competitive procurement.

As far as possible, the Standard Procurement Forms should be used. For details, please see the website of the Office of Legal and Procurement Support (OLPS) i.e. Intra/UNDP/BOM/OLPS. For clarification or additional information, contact the Procurement Advisor, OLPS/BOM.

6.2 Specifications/Terms of Reference

6.2.1 Specifications

- a) Specifications are used normally for procuring goods or works. Specifications must fully and completely state the requirements. They should be generic (Neutral) in nature to maximize competition. The specifications may be stated as a “hybrid” or combination of one or more of the following types:

*See FRR 121.03 (d)
on prudent
commercial practice.*

Functional: Which defines the Function or duty to be performed. This concentrates on what a product is to do. This type of approach is less interested in materials and dimensions.

Performance: This concentrates on the performance required of an item. To assure the quality, a reference to the concerned product standards (International i.e. ISO or National) and environmental requirements such as energy-star rating, recycled materials etc. should be made.

Design Requirements: This calls for providing exact dimensions, materials or characteristics. It should be noted that there are many situations where design specifications can cut out competition unnecessarily because of differences in engineering practices. For dimensions, the metric system should be used.

- b) The use of “brand names” must be avoided. However, if there is no choice, it is necessary to include the words “or equal”.

6.2.2 Terms of Reference (TOR)

TOR, rather than specifications, are used for contracting of services. TOR should define the work required of a contractor, either to design the equipment to be procured or to provide services.

TOR should include the following elements:

- Detail all tasks the contractor must perform, and specify coordination requirements.

- Specify the data that must be submitted for approval.

- Also define the schedules for initial submission and the review/approval time required.

- Describe all the standards the contractor must fulfill that are applicable to the project.

- If applicable, a detailed list of all data and services which will be provided to the contractor by you for his use in performing the contract.

6.3 Best-value source selection

To achieve best value for money, the process of selecting a contractor should ensure the following:

- Maximize competition;

- Minimize the complexity of the solicitation, evaluation, and the selection decision.

- Ensure impartial and comprehensive evaluation of offeror's proposals.

- Ensure selection of the source whose offer has the highest degree of realism and whose performance is expected to best meet UNDP requirements stated in the solicitation documents.

Chapter 7: SOURCING OF SUPPLIERS

7.1 General

The first step in selecting Suppliers is often market research, particularly if the product or service has not been procured before. There are a number of tools available for this initial phase.

See FRR 121.03 (b) on market research.

Check the United Nations Common Supply Database (UNCSD) maintained by UNDP/IAPSO. For details refer to the IAPSO website. (www.iapso.org)

Check references such as the Thomas Register (www.thomasregister.com), KOMPASS and www.prosavvy.com (for professional services).

Check for other procurement related websites.

Consult the Yellow Pages for local suppliers.

Consult trade publications, directories, supplier catalogues and professional journals.

Consult with colleagues in other UN organizations who might have purchased a similar product or service.

7.2 Registration of Prospective Suppliers

7.2.1 IAPSO maintains United Nations Common Supply Database (UNCSD) on behalf of the UN system. For details, contact IAPSO or visit their website (www.iapso.org).

7.2.2 UNCSD principally covers the international suppliers. For local and regional suppliers, the Country Office must maintain a roster of suppliers. To facilitate the evaluation of a supplier, the *Model Supplier* Registration Form must be used. Please see the OLPS website for Procurement Forms.

7.2.3 Supplier roster maintenance shall include supplier re-qualification and supplier performance monitoring. The procurement unit must re-qualify all suppliers every three years.

7.3 Pre-qualification of Suppliers

Pre-qualification is recommended to ensure that offers are sought only from suppliers who have the requisite resources and experience to perform the intended work satisfactorily. The aim of pre-qualification

is to establish a list of capable suppliers whilst ensuring that a proper level of competition is safeguarded.

The pre-qualification form is more detailed than the registration form used for developing roster of Suppliers. Please see the OLPS website for Procurement Forms. In addition, it is also advisable to obtain the company's annual reports, besides any other published materials such as catalogues, samples or any other tangible evidence which would help establish the applicant as a dependable and reliable supplier.

The above is a time-consuming exercise and should preferably be used for contracts of high value i.e. USD100,000 or more for civil works and contracting of professional services.

7.4 Evaluation of New Suppliers

Once a list of potential Suppliers has been developed, begin evaluating each Supplier’s capabilities. The key guidelines for Supplier appraisal are as follows:

7.4.1 Technical capacity to deliver the goods and/or services as per schedule;

7.4.2 Financial Strength: One of the widely used financial ratios e.g. “Quick Ratio” (ratio of Quick Assets and Current Liabilities) should be more than one. This ratio reflects on the liquidity position of a potential supplier. The “Quick” assets consists of cash and other current assets which can be converted quickly into cash. The illustration below shows a simplified balance sheet with some of the major elements which constitutes it:

ABC Company Balance Sheet on 31.12.2000			
Assets	%	Liabilities	%
1. Cash	15	1. Bank overdraft	10
2. Account Receivable	15	2. Accounts Payable	5
Total Quick Assets	<u>30</u>	Total Current Liabilities	<u>15</u>
3. Inventories	15	3. Fixed Liabilities	25
4. Fixed Assets	55	4. Shareholder’s Funds	60
Total Assets	<u>100</u>	Total Liabilities	<u>100</u>

For high valued contract (Exceeding USD1 million) and technically complex product, it is advisable to contact credit rating and reporting agencies specializing in providing such investigative services for a fee. They furnish detailed reports on a company's production facilities, financial and management status.

The two-well-known business investigating firms are:

- Dunn and Bradstreet, USA
- Moody's Investor Services, USA

7.4.3 Evidence of meeting national or international quality standards for the product offered; or evidence of national and international acceptance of its services.

7.4.4 Capacity to provide after-sales-service for the goods or services provided.

7.4.5 Quality Assurance Programme such as ISO 9000 Certification.

7.4.6 Environmental Impact i.e. ISO 14000 Certification.

7.4.7 Compliance with UNDP General Terms and Conditions.

7.5 Performance Rating of Existing Suppliers

Performance rating at the post-contract stage is an aid in developing the list of reliable suppliers and developing a long term arrangements. This should concentrate on performance in regard to following:

- a) Delivery Schedule Compliance.
- b) The quality of the product or service provided.
- c) The quality of the after-sales service provided.
- d) Accuracy of documentation i.e. invoices and speed of response.

Chapter 8: PROCUREMENT METHODS

8.1 General:

Once the requisition/project has been approved, funding assured and a specification or TOR prepared, the procurement official should decide on the method of procurement (modality) to be used to procure goods, works and/or services.

See FRR 121.03 concerning reliance on competition.

The methods used by UNDP for procurement of goods, works and/or services are as follows:

- a) Request for Quotation (RFQ)
- b) Invitation to Bid (ITB)
- c) Request for Proposal (RFP)
- d) Direct Contracting
- e) Purchasing/Corporate Card Program

Several factors determine or influence selection of the above methods.

8.2 Request for Quotation (RFQ)

The method is the most flexible and least formal to use. This can be used for procuring goods, services and/or works, if the contract amount exceeds USD2,500 but is less than USD100,000. However, if the items are required on a repetitive basis and the cumulative value of the contract exceeds USD100,000, RFQ is not the appropriate method. In such case the ITB or RFP must be used depending on the requirements.

RFQ calls for a written quotation from the pre-selected list of suppliers. For standard form of RFQ, please see OLPS website.

The basis of the award in case of RFQ is price. However, there should be minimum three responsive offers to evaluate the offer. To ensure transparency and achieve wide geographical distribution of supply sources, the following groups of countries should be invited.

- a) Developing Countries;
- b) Under-Utilized Major Donor Countries;
(Denmark, Sweden, Norway and the Netherlands);
- c) Other Donor Countries.

8.3 Invitation to Bid (ITB)

An Invitation to Bid (ITB) is normally used whenever the entity is not required to propose technical approaches to a project activity, or to offer management or supervision of an activity. Another factor in selecting this method is that the contract amount is USD100,000 or more.

See FRR 121.04 on formal methods of procurement.

ITBs are used when the entity is to provide its cost requirements to meet precise specifications sought by UNDP. This is normally the case when UNDP buys goods. It may also apply to works contracts and services which can be expressed quantitatively and qualitatively. The process calls for open advertising or by inviting bids from a short list of qualified suppliers. Open advertising is the preferred method. For using a short list of qualified suppliers, there needs to be a good reason i.e. pre-qualification of suppliers; or advertising expression of interest or open advertisement for the item was conducted during the last 12 months; emergency.

To ensure economy and efficiency, the contract is awarded to the supplier, who is qualified, responsive and offers the lowest price. The term “responsive” means that the supplier meets all the requirements i.e. specifications, delivery terms, UNDP terms and conditions etc. No negotiation shall normally take place, since the price is the key basis for award of contract. For the Model Bidding Document, please see the OLPS website.

8.4 Request for Proposals (RFP)

Request for Proposal (RFP) is used when the inputs and/or outputs cannot be quantitatively and qualitatively expressed at the time the invitation is made, as for example, when consulting or similar services are sought. A RFP may also be used for purchase of complex goods when you are not sure of the functional specifications and wish to seek proposals.

See FRR 121.04 on formal methods of Solicitation.

A RFP leads to the selection of the proposal that is more responsive to the specified requirements, including price and other factors. Where appropriate, the RFP may indicate that negotiation may be undertaken with respects to one or more proposals prior to the award of a contract. This method is recommended for all contracts exceeding USD100,000. This requires adherence to formal procedures. To achieve best value for money and avoid any bias, it is essential to develop a

detailed list of evaluation criteria. For guidance refer to the list of generic evaluation criteria for reviewing the technical proposals. This method calls for using the two envelope system i.e. seeking both a technical proposal and a financial proposal in two separate envelopes.

8.5 Direct Contracting

Direct contracting without competition may be used as an appropriate method under the following circumstances:

*See FRR 121.05(a)
on exceptions to
competition.*

- 8.5.1 The value of the procurement is less than USD2,500. However, the buyer needs to assess that he/she is getting the best price.
- 8.5.2 There is no competitive market-place 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.
- 8.5.3 There has been a previous determination or there is a need to standardize the requirement.
- 8.5.4 The proposed procurement contract is the result of cooperation with other organizations of the United Nations system.
- 8.5.5 Offers for identical requirements have been obtained competitively within the last twelve months and the prices and conditions offered remain competitive.
- 8.5.6 A formal solicitation conducted within last 12 months has not produced satisfactory results.
- 8.5.7 The proposed procurement contract is to purchase or lease real property.
- 8.5.8 There is a genuine exigency for the requirement.
- 8.5.9 The proposed procurement contract relates to obtaining services that cannot be objectively evaluated.
- 8.5.10 The Chief Procurement Officer otherwise determines that a formal solicitation will not give satisfactory results.

For contracts exceeding USD30,000, an advance approval of the Chief Procurement Officer is necessary before using this method.

For common user items, such as computers, office supplies, vehicles, office equipment, Microsoft software etc., UNDP/IAPSO has entered into long-term agreements with some suppliers which have been approved by the CPO. In such cases, the procuring entity may award the contract directly without seeking further approval of the CPO. To

seek advantage of these competitive deals, please visit UN Web Buy – the procurement portal (www.unwebbuy.org) maintained by UNDP/IAPSO. UNWEBBUY also provides benchmark prices to compare with your local prices before making any final decision to procure.

8.6 Corporate Purchasing Card Program

This method is recommended by low value procurement i.e. each contract is less than USD1,000. This is a very informal method and is intended to replace the use of petty cash. This should not be used for procuring goods which are non-expendable and are to be listed in the capital assets. In addition, the buyer needs to assess that he/she is getting the best value for money.

For details, refer to Card Users Manual. Before implementing the purchasing card in the Country office, the Resident Representative needs to seek approval from the CPO. UNDP is exempt from payment of sales, use and excise taxes. Be certain that your Supplier does not charge tax on your receipt.

Chapter 9: TYPES OF COMPETITION

As a general rule, UNDP uses competition to procure goods, works or services. Such competition may be as follows:

- a) OIC – Open International Competition
- b) LIC – Limited International Competition
- c) Local or National Competition

Obtaining a price quotation from IAPSO will meet the requirement for international solicitation. The pre-negotiated prices as documented in the IAPSO price catalogues may serve as the international benchmark price.

9.1 Open International Competition (OIC)

This is initiated by an advertisement, which invites interested suppliers to request the solicitation documents from the procuring entity. Use of OIC is appropriate for all contracts exceeding USD100,000. The media for advertisement may be Development Business, UNDP/IAPSO web site and/or in a publication of wide international circulation. Development Business is published fortnightly by the UN and covers all the major procurement notices of the UN system of organizations and International Financial Institutions.

See FRR 121.03 (e) on advertisement.

The contract address of the Development Business is as follows:

*UN Development Business
One United Nations Plaza
Room DC1-559
New York, N.Y. 10017, USA
Tel: (1-212) 963-1516
Fax: (1-212) 963-1381
Telex: 422311 UNUI
Internet: www.devbusiness.com*

9.2 Limited International Competition (LIC)

This is limited to a short-list of qualified suppliers selected in a non-discriminatory manner by the procuring entity from rosters, pre-qualification, expressions of interest and other sources. LIC is appropriate where OIC is unsuitable for economical and efficient

See FRR 121.03 (e) on direct solicitation.

procurement because of the value, urgent demand or limited availability of the required goods, works or services.

9.2.1 Pre-qualification:

For complex or specialized goods, works or services, pre-qualification may be undertaken by advertising. Only suppliers that have been pre-qualified following evaluation are entitled to participate in further procurement proceedings for the specific requirement.

It is an effective way to limit offers to qualified suppliers. The period between the notice of invitation to pre-qualify and the latest date for the return of completed applications should not be less than two weeks.

In order to ensure orderly and easily appraised responses, the standard pre-qualification form may be used. Evaluation of the suitability of potential contractors should be made based on the basis of the standard evaluation form. Please see the OLPS website for the respective Procurement Forms.

When the list of selected tenderers has been prepared, successful applicants should be notified and requested to confirm their intention to submit an offer.

Pre-qualification is a formal method and is recommended for high value and complex civil works and professional services.

9.2.2 Expression of Interest

Seeking expression of interest is a low cost approach for continuous updating of the supplier database. An expression of interest should be solicited by publishing a notice in Development Business and/or your website. The process is very informal, since the selection is based on assessment of the data provided by the supplier.

9.3 Local or National Competition

In the following circumstances, the procuring entity may use local or national competition:

- a) For Civil Works, if the country has a sufficient good base of suppliers.

*See FRR 121.03 (d)
on prudent
commercial practice.*

- b) For low-value contracts i.e. less than USD2,500.

Selection of the Procurement Method

Exhibits (I - IV) provide an overview of selecting various methods of procurement and type of competition.

Chapter 10: SOLICITATION DOCUMENTS

10.1 General

Solicitation Documents are used to request offers for the goods, works or services required. While the details and complexity of solicitation documents will vary according to the nature and value of the requirements, they contain all information necessary to prepare a bid, proposal or quotation that will provide the best value for the required goods, works or services to be provided.

Solicitation documents will include, as appropriate, the following:

- An invitation to offer
- Instructions to the Offerors
- Form of the Offer requested (bid, proposal or quotation)Form of the proposed contract
- Conditions of Contract – both general and special
- Technical Specifications/Terms of Reference/Statement of works
- Evaluation criteria and minimum qualification requirements

10.2 Types of Solicitation Documents

Depending on the value and complexity of goods, works and services, it could be one of the following:

See FRR 121.03 (a) on prudent commercial practice.

- Request for Quotation (RFQ)
- Invitation to Bid (ITB)
- Request for Proposals (RFP)

For model forms of each of the above, please refer to the OLPS website, Procurement Forms.

10.3 Considerations in preparing solicitation documents

10.3.1 While drafting the solicitation document, the following factors should be considered in close cooperation with the requisitioner/user:

See FRR 121.03 (d) on prudent commercial practice.

- a) Offers may be invited on a lump-sum basis:
When the bidding document covers a large number of low-cost line items, in respect of which separate contact awards would not be advantageous to UNDP for logistical reasons, offers may be

invited on a lump-sum basis. In such cases, offerors may be permitted to respond on an item basis or an “all or nothing” basis. UNDP, by specific language in the solicitation documents, may also retain the option to convert lump-sum offer prices into pro-rata unit prices.

- b) Grouping of similar items:
Similar items should always be grouped, whether or not bids on a group basis are requested. In cases where items are dissimilar, it may be advisable to split the items in separate invitations.

- b) Changes in quantities:
Where the exact quantity required is not known in advance, a definite quantity may be indicated on an invitation, with a provision that the UNDP reserves the right to increase or decrease the indicated quantity by 25% (maximum).

10.3.2 Letter of Invitation

The letter of invitation to bid should be on UNDP’s letterhead and include:

- Bid reference and title
- List of documents issued
- Date and place of submission and bid/proposal opening

10.3.3 Instructions to Offerors:

These should be prepared to meet the particular requirements of individual contracts. The purpose of the document is to convey information and instructions that will govern the preparation, submission and evaluation of offers.

*See FRR 121.03 (d)
on prudent
commercial practice.*

The instructions should contain a list of the documents required to form a complete tender. Offerors should be informed that an offer will be rejected unless it is substantially responsive.

When determining the offer period, the procurement official must ensure that adequate time is available for suppliers to prepare their offers taking into account the size and complexity of the project.

It may vary from 1 week to 6 weeks depending on whether it is a standard off-the-shelf item or requires a detailed proposal.

10.3.4 Alternate proposals:

Suppliers should be informed of whether alternative proposals will be considered or not. If so, the alternative proposal should include full details of specifications, environmental specifications (if any) and costs in order to allow a fair technical and financial evaluation of the alternative proposal.

10.3.5 Modifications to bids/proposals:

The supplier should be informed that, if he has delivered, posted or dispatched the offer prior to the formal submission date, he has the right to modify or make corrections to it, provided that any such modification or corrections are received by the procurement official in writing prior to the time specified for submission of bids/proposals. The original bid/proposal thus modified or corrected would then be considered as the official offer.

10.3.6 Currencies and payments:

Specific instructions should be given concerning the currencies to be used in the preparations of the offer. The supplier should also be advised in which currency/currencies payment will be effected. The conversion rate to be used. Should be as per UN operational rate of exchange on the last date of the receipt of bids/proposals.

10.3.7 Bid/Proposal securities:

This is a good tool to discourage the participation of unqualified suppliers. The requirements for a bid/proposal security (Bank Guarantee), if any, should be determined on the basis of value and complexity of the contract. In general, it is advisable to use it for all contracts exceeding USD300,000 and the amount may be nearly 3% of the estimated contract value. It should be stated as a specific sum

rather than as a percentage of the contract amount. If a bid/proposal security is required, a form should be included in the solicitation documents. For the standard form of bid/proposal security please see the OLPS website, Procurement Forms.

If a Bid/Proposal security is requested, any offer which has not been so secured should be rejected.

It is recommended that the period of validity of the security shall equal the period of validity of the tender plus the time allowed for the supplier to provide the performance security under the terms of the eventual contract between the UNDP and the contractor.

10.3.8 Performance Securities:

This is recommended for all high value contracts (exceeding USD300,000). This is required to secure the performance of the contract during its warranty period. The recommended performance security in the form of a Bank Guarantee should be 10% of the contract amount.

For the Standard form of performance security, please refer to the OLPS website, Procurement Forms.

10.3.9 Checklist for ITB and RFP

The following checklist may be used to assist in the preparation of instructions to suppliers and indicates subjects which should be covered:

- The language of the offer
- The number of copies of the offer that are required
- Validity period of the offer
- A document other than those issued as part of the solicitation document which the supplier must include with his offer (e.g. technical description or drawings, quality control, environmental impact, etc.).
- Procedures for issuing addenda to the solicitation documents.
- Procedures for dealing with queries raised by suppliers.
- Instructions for packing, labeling and addressing the offer.
- Circumstances under which alternative offers may be submitted.

- Arrangements for opening of tenders.
- Procedures for dealing with arithmetic errors found in offers during evaluation.
- Information about the evaluation criteria.
- Rules relating to disqualification/rejection of offers (e.g. late arrivals, altered figures, incomplete submissions and deviations).

10.4 Offerors' Queries

-Offerors' queries should be handled by correspondence or by Pre-Bid/Proposal Conference or by a combination of these methods.

a) Correspondence Method

Any offeror requiring clarification of the solicitation documents should submit the queries to the procurement official in writing.

The procurement official should prepare and dispatch written replies to queries. These replies, together with the text of the queries should be sent to all offerors without quoting the source of the queries.

b) Pre-Bid/Proposal Conference Method

With the conference method, queries from the offerors to the procuring entity are dealt with at a pre-bid/proposal conference. As far as possible oral answers should be given by the procuring entity during the conference.

Within a reasonable time after the conference, the procurement official should send all offerors, whether present at the conference or not, a full set of minutes recording both the queries and formal replies. Representation from each offeror should be limited to two persons at the conference.

Chapter 11: SUBMISSION AND RECEIPT OF OFFERS

11.1 Submission of Offers

- a) It is the responsibility of offerors to ensure that the offers are submitted to the procurement entity by the due submission date and time, properly signed by authorized signatories.
- b) If offers are delivered by hand, offerors should obtain a receipt from the procuring entity recording the date and time of delivery.
- c) Bids/proposals received after the appointed time should be immediately returned, unopened, accompanied by an explanatory letter giving the date and time of receipt.

*See FRR 121.03 (d)
on prudent
commercial practice.*

11.2 Receipt of Offers:

- a) In the case of a RFQ, the offers can be received by the concerned procurement official directly either by mail, fax or e-mails.
- b) In the case of an ITB or RFP all bids/proposals are to be received by a person, not directly concerned with the procurement. All bids/proposals are to be time/date stamped upon receipt and placed in a locked container, such as a cabinet or safe until the bid opening time and date.
- c) Access to the container shall be confined to the personnel duty authorized by the head of unit/office. Where facsimile responses have been approved, the dedicated facsimile machine is to be afforded the same degree of control as the postal replies. This may be placed in a separate locked room and access confined to an authorized person only. All fax offers should be sealed by the authorized person.
- d) Any bids or proposals inadvertently opened before the due date are to be brought to the attention of the head of unit for further action.
- e) Unsolicited bids/proposals shall be rejected.

11.3 Opening of Bids/Proposals (for contracts exceeding USD100,000)

- a) All bids should be opened publicly at the time and place specified in the invitation to bid (ITB). It is recommended that opening should be held on the same day that the offers have to be submitted.
- b) All bids received in time should be listed along with an abstract covering the following information:
 - Supplier's name
 - Bid price
 - Price of alternative bids, if appropriate
 - Bid Security (if requested)

The foregoing information should be recorded on a suitable form signed by the opening officer and appropriate witnesses.

Public opening for proposals received in response to a request for proposal (RFP) is not essential, since the price proposals cannot be opened without completing the technical evaluation.

- c) Suppliers submitting more than one bid or proposal must clearly mark which is the current version. Where this is not evident, the bid/proposal that gives most advantageous terms to the UNDP is to be considered.
- d) Only those suppliers who are submitting bids may attend the bid opening. The supplier may authorize the local agent or the concerned Embassy to represent them.

Chapter 12: EVALUATION OF OFFERS**12.1 Evaluation of Quotations**

In the case of quotations, received through RFQ, the evaluation is based on the following factors:

- Conformity to specifications/TOR.
- Product Quality, i.e. conformity to national/international product standards
- Promised delivery time.
- Complying with UNDP General Terms and Conditions.
- In-country after-sales maintenance facilities.
- Landed price.
- Since RFQ is an informal process, the evaluation may be done by the concerned procurement official.

12.2 Bid Evaluation

- a) After opening the bids, the bids are evaluated by the procurement official or DRR (O). When necessary, a specialized consultant may be engaged to assist in the analysis of bids. The evaluation of the bids is based on the factors listed in the invitation to bid. These may be as follows:

- Conformity to specifications.
- Product Quality i.e. conformity to national/international standards.
- Delivery time.
- Complying with UNDP General Terms and Conditions.
- After-sales service.
- Spare parts availability for at least 5 years.
- Technical and Financial capacity of the supplier.
- Landed price.

- b) All bids should be tabulated on a summary sheet. Only bids offering items with the characteristics meeting or exceeding those in the specifications shall be considered as acceptable. A qualification which a bidder makes in the specifications of his/her bid not provided for in the invitation shall be carefully examined to ensure that the bid is responsive to the terms of the invitation to bid.

*FRR 121.04 (a)
provision (i) to award
contract in case of
ITB.*

- c) If the delivery date is an important factor in the bid, and has been so stated in the invitation, bids not meeting the required delivery schedule shall be rejected. If all bids are disqualified and if re-advertising is not feasible, it may be necessary to enter into a negotiated contract.

12.3 Evaluation of Proposals

- a) The evaluation team must follow the process and criteria indicated in the RFP. Proposals are to be opened accordingly (first technical, then price proposals, i.e. two envelope method).
- b) The suppliers should be considered qualified and responsive if they score at least 70% marks. The suppliers who do not meet this requirement must be rejected as being non-responsive.
- c) The price proposal of only those suppliers who meet the qualifying requirement during technical evaluation should be opened.
- d) In the case of professional services, the proposal should provide the detailed cost estimate such as consultancy rate per day, number of work days and travel estimates.

See FRR 121.04 (a) provision (ii) to award contract in case of RFP.

Chapter 13: AWARD OF CONTRACT

13.1 Basis of Award

13.1.1 When RFQ has been used, contracts are awarded to the qualified and responsive supplier submitting the lowest bid.

See FRR 121.04 on award of contract.

13.1.2 When ITB has been used, contracts are awarded to the lowest evaluated bidder. The term “lowest evaluated bidder” incorporates the cost of other elements (if possible) such as running cost and maintenance cost.

13.1.3 When RFP has been used, contracts are awarded to the offeror whose technical proposal meets minimum qualifying score and the price proposal is the lowest.

13.2 General Consideration

- a) Award the contract within the period of the validity of offers.
- b) No changes should be made in the General Terms and Conditions. However, if required, special conditions appropriate to the nature and location of the project should be included to complement the General Terms and Conditions, in consultation with the OLPS.
- c) The contract should clearly define:
 - the detailed specifications/TOR of the goods, works or services to be supplied.
 - the rights and obligations of the UNDP and of the supplier.
 - the functions and authority of the engineer or architect, if one is hired by the UNDP in the supervision and administration of the contract (normally for civil works).
- d) If performance security is required to ensure performance during the warranty period, the contract should be signed only after receipt of the performance security in the form of a bank guarantee or performance bond.

- e) Written contracts/purchase orders shall be used for every purchase from a single supplier for an aggregate amount of USD2,500 or more for one or more items (see OLPS website for model contracts for goods and/or services).
- f) When Direct Contracting is used as a procurement method, approval of the Chief Procurement Officer for all contracts exceeding USD30,000 must be obtained. For any contracts under USD30,000, the Resident Representative or the concerned Director of the office may authorize direct contracting. No approvals are required if the procurement is made based on valid long-term agreements, which have been approved by the CPO.

See FRR 121.06 on written procurement contracts.

13.3 Negotiations

Since price is the key to the selection of the supplier, it is not recommended to negotiate price. However, negotiations may be conducted with the selected supplier to finalize payment terms, special terms and conditions, delivery etc. It is of the utmost importance that the negotiations should result in a clear understanding of both parties on their responsibilities under the contract. UNDP General Terms and Conditions for procurement of goods and services are not negotiable.

13.4 Types of Contract

The contracts could be one of the following types:

- a) Lump-sum contracts: This type is commonly used in UNDP.
- b) Man-months (or Time-Based) contracts: This type is widely used for hiring the services of individual consultants from a consulting company. For standard format of RLA (Reimbursement Loan Agreement) see OLPS website, Procurement Forms.
- c) Percentage contracts: This type relates to consultancy cost as a percentage of total construction costs. This is suited for architectural services. Being open-ended, it should be discouraged.

13.5 Contract Format

In the case of services, the Model Contract for Professional Services is recommended. However for Small value contracts, i.e. less than USD30,000, the Model Institutional Contract may be used. For contracting the civil works, the model contract is recommended. Please see OLPS website, Procurement Forms.

For leasing of premises, please refer to the Model Contract for leasing. In case the above referred model contracts do not serve the needs, please contact OLPS.

13.6 Contract Amendments

- a) Amendments usually are required in two situations:
Certain aspects of the contract need to be changed;
or
The original contract is executed as planned and it is decided that further related services should be rendered by the same entity.
- b) The amendment is concluded by a cover letter from Resident Representative or the Director of the Bureau/Office offering the amendment, attaching replacement clauses and TOR which will cancel and supersede the original provisions.
- c) The amendments need to be submitted to the ACP in the following cases:
The aggregate value of amendments is more than USD100,000;
or
All amendments are more than 20% of the original contract award.

13.7 Debriefing and Protest Procedures

13.7.1 Debriefing Unsuccessful Offerors

The UNDP does not normally debrief unsuccessful offerors. However, in the case of highly technical or complex awards, a debriefing may be conducted upon request from an unsuccessful offeror.

The scope of the debriefing is limited to identifying the technical deficiencies or weaknesses of the offeror's proposal.

Do not discuss:

- a) Financial or cost information of other offerors
- b) Evaluation scoring, or
- c) Other proposals

13.7.2 Protest Procedures:

- a) The response to all protests, regardless of to whom they are addressed, is always prepared and executed by the responsible head of unit.
- b) The UNDP staff who receive protests from unsuccessful offerors must immediately refer them to the Resident Representative/Head of Unit without further discussion or communication with the protester.
- c) Protest notifications which do not indicate a basis for the action are not entertained.
- d) Upon receipt of a written protest from an unsuccessful offeror, the procurement person:
 - Immediately informs the RR/Head of Unit;
 - Within 2 working days, mails the protestor, a written acknowledgement;
 - Initiates an investigation of the protestor's allegations;
 - Following the conclusion of the investigation, document the results in the form of memo to files
 - Seeks OLPS opinion if needed;
 - Drafts a response and provides the protestor with formal written notification of the decision and basis upon which it was made.

13.8 Transparency

To enhance transparency, all the contracts of USD100,000 and more should be posted on UNDP/IAPSO website. The contract award notice should cover the following:

- Contract description
- Amount of contract
- Date of contract
- Name of the Supplier
- Executing Agency

Chapter 14: RETROACTIVE/POST FACTO CONTRACT**14.1 General**

- a) A Post Facto situation occurs when no contract or purchase order was issued by UNDP, but the services have already been rendered or the goods purchased and received. A retroactive case occurs when no contract or purchase order was issued, but either the supplier has already started rendering services or the goods have been ordered but not yet delivered.
- b) All UNDP staff members are expected to make every effort to avoid post-facto or retroactive cases. Nevertheless, when they do occur, special approval of the Assistant Administrator, UNDP/BOM, as Chief Procurement Officer (CPO) is required before related payments are made, or, if already made, for such expenditures to be accepted by UNDP as legitimate charges against the appropriate budget line(s). It must also be understood that the approval of the CPO, if indeed it is given, does not constitute, and must not be taken as, the establishment of a precedent or justification for not taking the timely and appropriate action(s).

14.2 Issues to be Addressed

To seek the approval, the request must address the issues:

14.2.1 Explanation of circumstances resulting in Post-Facto/Retroactive situation

- a) Explanation of the process: Identify what happened, when, who was involved and what were the delays resulting in late submission. Identify any emergency and unusual circumstances. Identify in which way the appropriate processes, precautions and control were followed and why it still resulted in failure.
- b) Identify the person(s) or circumstances responsible for non-compliance with the standard procedures and why it happened.
- c) Explain the mechanisms which have been put into place in order to ensure that such a situation does not occur again.

14.2.2 Reasonableness and Acceptability of Activity

- a) Details of the Activity, including the nature of services/goods, duration and cost: The activity should be justified in light of the PRODOC; i.e. is it in conformity with project requirements. Finally, there must be evidence of agreement to the activity from, or by the Government, Beneficiary and the Funding Source as appropriate.
- b) Reasonableness of the activity/cost: Demonstrate its economy, efficiency and equity.
- c) Successful completion of the activity: including certification by designated Certifying Officer that the services have been satisfactorily performed, outputs have been produced (reports, documentation, etc.) and are acceptable to all parties. Evidence this by attaching TOR, reports, certifications, etc.
- d) In the case of a contract for Works, a certificate signed by the engineer should be submitted which states:
 - i. that the project has been designed and constructed according to the proper specifications; and
 - ii. that no accidents or injuries have occurred during construction which would cause UNDP to be potentially liable for any damages whatsoever.

14.2.3 Financial Considerations

- e) Confirm that no loss has occurred to UNDP or Funding Sources as a result of this circumstance. If there has been any financial loss, please explain.

14.2.4 Other Matters, as appropriate

(e.g. special contractual provisions, if any, that ought be applied in respect of the particular procurement actions such as warranties, copyrights, etc.)

Chapter 15: PAYMENT TERMS

15.1 Advance and Progress Payments

a) Except where normal commercial practice or the interests of UNDP so requires, no contract or purchase order shall be made on behalf of UNDP which requires an advance payment or payments on account of goods or performance of contractual services. Wherever an advance payment is agreed to, the reasons therefore shall be recorded. Suppliers shall be asked to provide a bank guarantee or certified cheque, if the contract calls for an advance payment exceeding USD30,000. The bank guarantee shall be valid for the duration of the contract.

See FRR 125.11 (a) on advance payments.

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

c) In addition to any advance payment, the Resident Representative/Director of the Unit may, when he/she deems it in the interest of UNDP, authorize progress payments.

See FRR 125.11 (b) on progress Payments.

d) Examples of activities that may justify an advance payment are:

- Mobilization costs (mainly for works)
- Start-up costs (mainly for services)
- Design costs

The advance payment should not exceed 15% of the contract amount.

e) The progress payments should be linked to successful completion of various deliverables. To recover the advance payment, the 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.

15.2 Payment

- a) In case of goods, payment should be linked to the delivery terms (INCOTERMS 2000) used for procurement. In all cases, except when delivered terms (i.e. DDU, DAF) are used, payment is made within 30 days after the receipt of shipping documents and invoices.

However, in cases where delivered terms for supply are used, the payment is made within 30 days after receipt of goods.

- b) In case of services or civil works, the payments are made in stages and linked to deliverables.
- c) As an alternative to seeking the performance security in the form of bank guarantee, to secure the performance of the contract, 10% of the contract amount may be retained through the warranty period. This approach should be used only when the supplier is not able to arrange bank guarantee.

Chapter 16: SHIPPING AND INSURANCE

16.1 General

Freight, or the cost of transportation services, is a substantial element in the delivered price of most imported goods and this incidence is particularly high for land-locked countries. This may range from 10-15% of the cost of goods.

16.2 Modes of Transport

- a) Five different methods are used, either singly or in some combination, to transport goods internationally. These are: by sea, by rail, by road, by air and by parcel post. An important decision for the buyer is to decide the mode or modes of transportation, that he/she should use so as to minimize the sum of visible and not so visible transportation costs.

In general, transportation costs by rail, road and air are comparatively higher than by sea. In UNDP, sea transport is by far the most important mode of transport.

- b) To ensure better delivery, it is preferable to select conference liner, since they operate along definite routes and call at specific ports. In case of non-conference liner, the routes and delivery time is uncertain.

16.3 Markings

To facilitate the identification of goods and handling whilst in transit, the suppliers should be instructed to provide “shipping marks” on all packages as per following format:

Consignee
Destination
Port of Unloading
Project identification
Order number
Case number

16.4 Forwarding Agents

Known also as freight forwarders, freight brokers and who may also act as clearing agents or custom brokers. It is hardly possible for consignees themselves to carry out the formalities and operations leading to actual collection of the consignments. For this, you should rely on the services of a forwarding agent to do this.

On receipt of Bills of Lading (B/L) and accompanying documents, it may be possible to start action immediately to speedup the retrieval of goods when the ship calls at the port.

Prompt clearance and collection is desirable as Consignments lying in custom warehouses are running risks of loss and pilferage, apart from incurring rent and demurrage charges. When consignees are not located in the town where the port/airport of arrival is situated, but inland in the same country, documents with appropriate instructions must be sent to the clearing agent. Alternatively, suppliers may be sent under bond, for clearance at the final destination, or be cleared on the spot, then onforwarded.

When the final consignee is not located in the country of arrival, i.e. in case of land-locked countries, the transit and onforwarding are normally undertaken by a forwarding agent who has received B/L and instructions from the Senders.

Through B/L is a preferred mode, since no action is required from the consignee until arrival at the destination, where clearance and collection will need to be effected.

16.5 Receipt of Consignments

When a consignment is delivered to the consignee, the carrier will request a receipt. The external condition of packages must therefore be verified. If, in apparent good order, it is recommended that the endorsement be given along the following lines:

“received in good external condition – contents unchecked”.

This allows further action, should discrepancies be noticed when unpacking. If, however, there are signs of tampering with the packages, then the receipt should be given with reservations such as “cases broken, contents lacking – cartons opened with sign of pilferage”.

If possible, packages should be weighed to determine differences between declared and actual weights, and such differences be stated on delivery notes.

16.6 Cargo Insurance

During transportation and storage, cargo may be exposed to various risks, such as damage, pilferage and theft, breakage, non-receipt of part or entire consignments. Cargo insurance provides protection against financial losses resulting from these risks.

To protect the interests of UNDP, please ensure the following:

Goods are covered for all risks, including war, strikes, riots and civil commotions (SRCC).

Duration of the insurance coverage should be sufficient to cover the period of transportation from “warehouse to warehouse” and include minimum 30 days, in store at destination.

Goods should be insured for the CIF value plus an agreed percentage (normally 10%) to reflect the indirect cost to the buyer incidental to waiting for replacement.

Common insurance policy negotiated and maintained by BoM Administrative Services Division should be used.

For details see OLPS website, Procurement Forms.

Should damage or loss occur, contact the underwriter within one week for further advice. It always weakens the case when a claim is submitted with a delay.

16.7 INCOTERMS 2000

The International Commerce Terms (INCOTERMS) define the obligations of buyer and seller relating to shipment of goods. The latest version of INCOTERMS 2000 can be purchased from International Chamber of Commerce, Paris, France.

To avoid the possibility of misunderstanding, the following guidelines should be used to select the appropriate trade term.

- a) For local procurement use the term “FCA” (Free Carrier)
- b) For international procurement where the transportation is arranged by you, use the term “FOB” (Free on Board) or “FCA”, depending on where the goods are to be delivered.
- c) For International procurement where the transportation is covered by the Supplier, use preferably the term “CPT” (Carriage Paid To).
- d) For international procurement where the transportation and insurance is arranged by the Supplier, use the term “CIP” (Carriage and Insurance Paid To).
- e) For international procurement where you wish the Supplier to bear all risks and costs of bringing the goods to the country of destination, use the term “DDU” (Delivered Duty Unpaid). This will cost extra and hence should be used only during emergency operations.
- f) All the terms referred to above should be followed by named place/destination point.

Chapter 17: PROCUREMENT ETHICS

17.1 Transactions committing UNDP deserve the highest degree of public trust and be conducted at impeccable standards because the funds used are entrusted to UNDP by others. Hence, it is absolutely essential that all procurement activities be carried out in a manner above reproach, with complete impartiality and with no preferential treatment.

17.2 The UNDP procurement process must allow suppliers to compete for UNDP business on a fair basis. Staff associated with the procurement function, therefore, are responsible for protecting the integrity of the procurement process, maintaining fairness in UNDP's treatment of all suppliers.

17.2 The standard of conduct for all staff involved in procurement activities include:

During the pre-solicitation phase, staff may not allow supplier(s) access to information on a particular acquisition before such information is available to the business community at large. Further staff may not use unnecessary restrictive specifications or statements of work that may discourage competition.

Staff may not solicit or accept, directly or indirectly any gratuity, gift, favor, entertainment or any promise of future employment from anyone who has or is seeking to obtain UNDP business.

Staff having a financial interest in one or more suppliers responding to a UNDP solicitation are prohibited from any involvement in the procurement action.

Staff may not disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information.

Chapter 18: ENVIRONMENTAL CONCERNS

18.1 UNDP policy on “Green” procurement is as follows:

- a) UNDP will seek to procure goods and services that lessen the burden on the environment in their production, use and final disposition, whenever possible and economical.
- b) UNDP supports the 4 “R” strategies, i.e. Re-think the requirements to reduce environmental impact; Reduce material consumption; Recycle materials/waste; and Reduce energy consumption.

18.2 Before finalizing the requirements, of goods and/or services, the environmental concerns must be reviewed. Some of these are as follows:

- Energy consumption
- Toxicity
- Ozone Depletion
- Radiation
- Use of recycled materials

In short, this calls for the identification of environmentally friendly (green) goods and services, which have less harmful effects on human health and the environment than competing goods serving the same purpose.

18.3 To determine how environmentally-friendly the goods and/or services are, you may ask the following questions:

- a) Is it single use (disposable) or reusable?
- b) What is the recycled content?
- c) Does it consume more energy than competing products?
- d) Does it have an energy saving mode?
- e) Is it durable?
- f) Can it be repaired?
- g) Is it recyclable locally?
- h) Is it energy-star rated?

Chapter 19: SUPPLIER PERFORMANCE EVALUATION

- 19.1** To develop and maintain the list of qualified suppliers, existing suppliers must be evaluated.
- 19.2** The evaluation can be based on reviewing the performance in meeting the requirements under the following attributes.
- a) Quality of good and services
 - b) Delivery
 - c) After-sales service
 - d) Accuracy of documentation
 - e) Speed of response
 - f) Cooperation
- 19.3** The method is simple and calls for grading the supplier's performance under the above listed attributes. The grading could be "meets the expectation", or "Does not meet the expectation" or "Exceeds the expectation".
- 19.4** After reviewing the above grading under above listed Attributes, the supplier may be evaluated as "good", "satisfactory" or "not satisfactory".

Annex I**ACRONYMS**

ACP	Advisory Committee on Procurement
BOM	Bureau of Management
CIF	Cost, Insurance and Freight
CIP	Carriage and Insurance Paid To
CPO	Chief Procurement Officer
CPT	Carriage Paid To
DDU	Delivered Duty Unpaid
DRR	Deputy Resident Representative
FCA	Free Carrier
FOB	Free on Board
FRR	Financial Regulations and Rules
IAPSO	Inter-Agency Procurement Services Office
INCOTERMS	International Commerce Terms
ISO	International Standards Office
ITB	Invitation to Bid
LCC	Local Contracts Committee
LIC	Limited International Competition
OIC	Open International Competition
OLPS	Office of Legal and Procurement Support
RFQ	Request for Quotation
RR	Resident Representative
SOW	Statement of Works
TOR	Terms of Reference
UNCSD	United Nations Common Supply Database
UNDP	United Nations Development Programme
UNV	United Nations Volunteers

Annex II**GLOSSARY OF TERMS****ACP:**

The Advisory Committee on Procurement (ACP) is the new name of the Headquarters Contracts Committee (HCC). Contracts of USD100,000 or more must be submitted to the ACP for review and approval by the CPO.

Arbitration:

A method to resolve a contract dispute by submission to one or more arbitrators for a binding judgement; arbitration is normally used to avoid litigation, i.e. court procedures. Standard clause in all United Nations contracts (see UNDP General Conditions).

Bid:

A written offer in response to an Invitation to Bid. (See also Invitation to Bid).

Bid (Proposal) Security:

A written instrument normally issued by a bank or an insurance company in favour of the Purchaser (Contractor) to assure that the Bidder does not withdraw its Bid (Proposal) during the period of bid validity, or that, after having been notified of the acceptance of its Bid by the Purchaser the Bidder fails to execute the Purchase Order.

Contract:

An agreement, enforceable by law, between two or more parties/persons that creates an obligation to do or not to do a particular thing. A purchase contract may be verbal or written. A purchase order, when accepted by a supplier, becomes a contract.

Conference Liner:

A ship operated by an association of shipping companies whose members agree to a common freight schedule. They usually operate over specific routes.

Default:

A failure of the buyer or seller to live up to the terms and conditions of the contract.

Delivery:

Making goods available as provided for in purchase orders/contracts.

Delivery time:

The time taken to deliver goods from the date of contract to the time when the title of goods passes between the purchaser and the supplier as per the delivery terms (INCOTERM 2000) used in the contract.

Force Majeure:

A French term ('superior force') that refers to unexpected or uncontrollable events that relieve the Buyer and the Seller from their obligations under a contract. Standard clause in all United Nations contracts. (see UNDP General Conditions).

INCOTERMS:

International commercial trade terms published by the International Chamber of Commerce (ICC). The latest and current edition was issued in 2000.

Invitation to Bid (ITB):

A formal solicitation document, used especially for procurement of goods when clear specifications are available. Use for cases with an estimated procurement value of USD100,000 or above.

ISO 9000:

A standard developed by the International Standards Organization (ISO) to assure quality in the production of goods or delivery of services.

Liquidated damages:

A contract provision used when the time of delivery or performance is of such importance to the Buyer that the Buyer may expect to suffer damages for non-performance. Under such provision the Contractor may be required to pay damages e.g., for each week of delayed delivery.

Litigation:

A law suit, legal action, including all proceedings therein. UNDP is immune from legal action in courts. Disputes with contractors are resolved either by negotiation, conciliation or arbitration (see UNDP General Conditions).

Performance Security

A written instrument normally issued by a bank or an insurance company in favour of Purchaser to assure fulfillment of the supplier's/Contractor's obligations.

Proposal:

A written offer in response to a Request for Proposal, notably for services and civil works. (See also Request for Proposal).

Request for Proposal (RFP):

A formal solicitation document used especially for procurement of works or services, or when clear specifications are not available or not feasible.

Request for Quotation (RFQ):

An informal process to solicit quotes from qualified offerors. Used for awards below USD100,000.

Sealed Offers:

A method of formal procurement where offerors are instructed to submit sealed Bids or Proposals. Standard practice when ITB and RFP solicitation processes are used.

Solicitation:

The process of inviting offerors to submit offers (bids, proposals, quotations).

UMDC:

Under utilized Major Donor Countries (presently Denmark, Netherlands, Norway and Sweden).

UNCITRAL:

United Nations Commission on International Trade Law.

Warranty:

A promise or representation made by the seller regarding the goods or services provided under the contract/purchase order. A warranty can be expressed or implied and is legally enforceable.

Annex III**SUBMISSION TO THE LCC/ACP: CHECKLIST**

- Check for the availability of funds and its approval.
- Funds are sufficient to cover the amount of contract.
- In case of contracts exceeding USD100,000 was the advance procurement notice advertise?
- If not, check for transparency and geographical distribution in developing the short list of suppliers.
- Check, if sufficient time was provided to the contractors for the submission of offers.
- Has the copy of the solicitation Document been provided? If not, ask for it.
- Are the specifications generic and unbiased?
- What method of procurement is used? Is it in line with Procurement Manual?
- Are the evaluation criteria very clear to ensure value for money?
- Check if sufficient information was provided to the suppliers for the preparation of responsive offers.
- Check, if any Supplier was given preferential treatment during evaluation.
- Check, if the lowest evaluated responsive offeror has been recommended in the Evaluation Report.
- If not, then check the justification given in the Evaluation Report for recommending any other Supplier.
- In case of Direct Contracting, check if appropriate approval/waiver was obtained.
- Check if in case of Services, a justification has been provided to confirm that the consulting fees and the number of work days are fair and reasonable.
- In case of purchase orders, please check that cargo insurance covers all risks.
- Check if the contract calls for an advance payment and/or progress payment.
- If yes, check that the advance payment is covered by a bank guarantee and progress payments are against completion of deliverables.
- Check if the general terms and conditions comply with the UNDP General Conditions for Services or General Terms and Condition for Goods.
- If not, check whether OLPS approval has been sought.

Annex IV

**INCREASED DELEGATION OF PROCUREMENT AUTHORITY
(CHECKLIST)**

This checklist aims at identifying local capacity to undertake procurement activities for contracts exceeding USD100,000. To facilitate the assessment and authorise the increased delegation level, please provide the following information.

- 1) **Total Delivery during the last year in USD millions:-----**
- 2) **Expected Delivery during the current year in USD millions:-----**
 - 2.1 **Expected value of goods to be procured in USD millions :-----**
 - 2.2 **Expected value of services to be procured in USD millions:-----**
- 3) **Name of the Chairperson of the Local Contracts Committee:**

- 4) **Name and designation of the Certifying and Approving officers:**

- 5) **Tentative types of goods and services to be procured during the year:**

- 6) **Expected number of cases during the year which will exceed contract value of USD100,000:-----**
- 7) **Names of staff members who are professionally qualified or trained to undertake procurement: -----**
- 8) **Any local legal support to review the complex contracts :-----**

Note: In addition to review of above data, weightage will also be given to the following factors:

- Quality of previous submissions to the ACP.*
- Complying with various procurement reporting requirements.*

Name of the Country Office _____

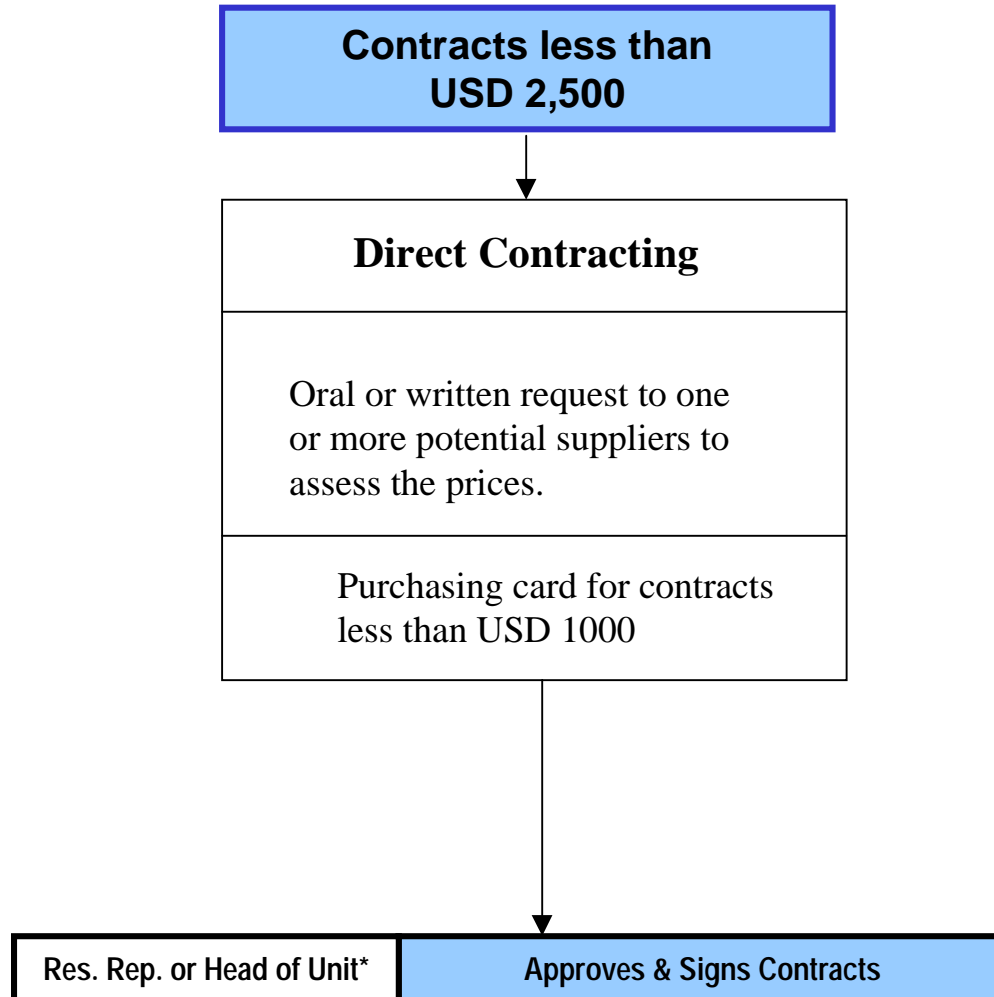
Name of the Resident Representative _____

Signed _____ **Date** _____

Procurement Process (all UNDP)

(Contracts less than USD 2,500)

Exhibit I

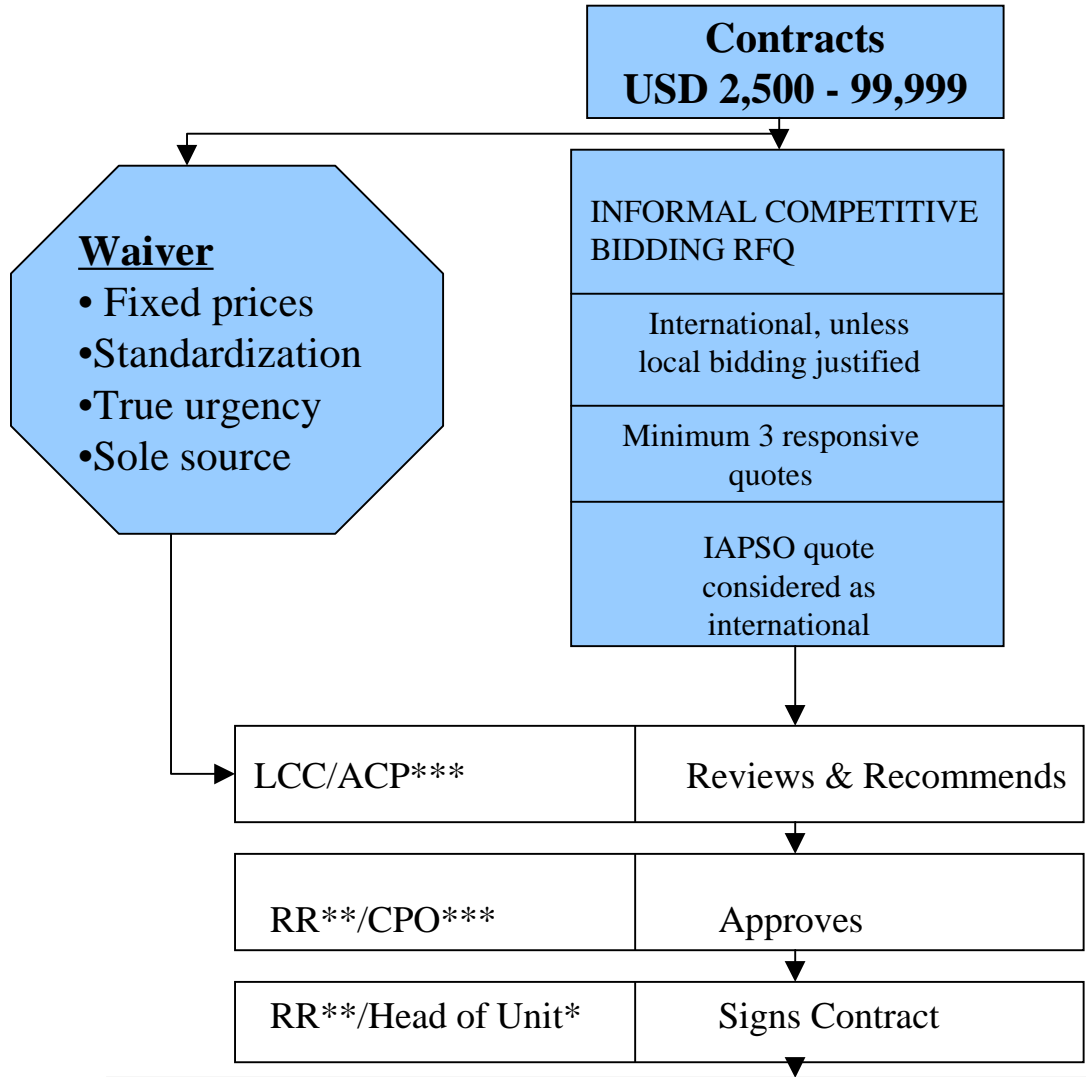


* Director of Bureau/Office/Fund

Procurement Process (All UNDP)

(Contracts from USD 2,500 - 99,999)

Exhibit II



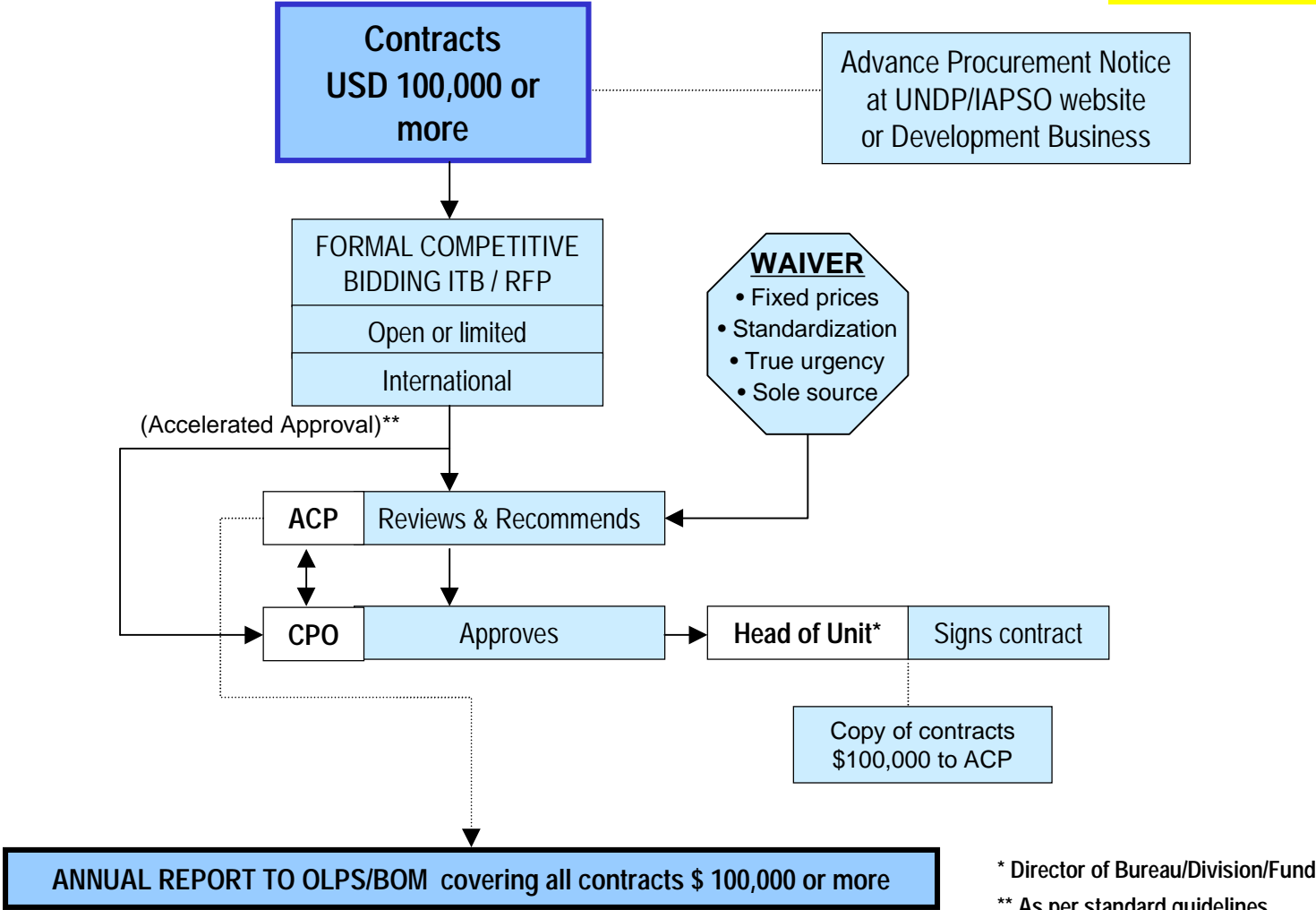
* Director of Bureau/Office/Fund
 **RR: Resident Representative or Head of Unit away from HQ
 *** ACP review and CPO approval is required for waiver if contract exceeds USD 30,000

Annual Report to OLPS/BOM covering all contracts exceeding USD 30,000

Procurement Process (Headquarters)

(Contracts of USD 100,000 or more)

Exhibit III



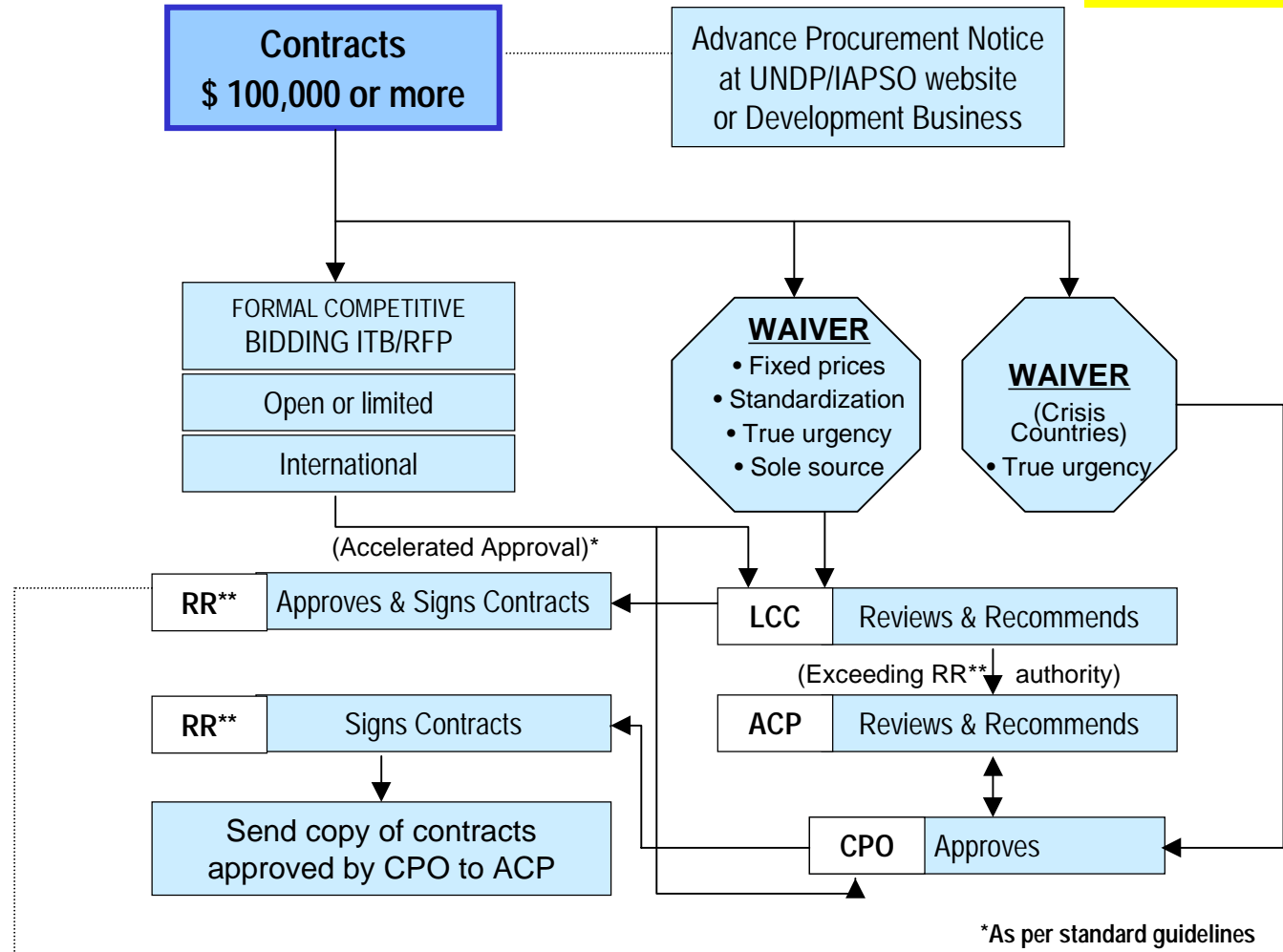
* Director of Bureau/Division/Fund

** As per standard guidelines

Procurement Process (COs and Units away from Headquarters)

(contracts of USD 100,000 or more)

Exhibit IV



** RR: Resident Representatives or Head of Unit away from HQ

UNDP Financial Regulations and Rules

F. Utilization of Resources by UNDP

21. Procurement of goods and services

Regulation 21.01 :

The Administrator is responsible and accountable for carrying out the procurement functions of UNDP effectively and efficiently in furtherance of its mandate and activities.

(a) The procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works;

(b) The Administrator may delegate authority, as appropriate, for such procurement functions.

Regulation 21.02 :

The following general principles shall be given due consideration when exercising the procurement functions of UNDP:

(a) Best value for money; (b) Fairness, integrity and transparency; (c) Effective international competition; (d) The interest of UNDP.

Rule 121.01 :**Procurement Authority**

(a) The Chief Procurement Officer of UNDP is accountable to the Administrator for all procurement functions of UNDP for all its locations, except for those procurement actions governed by paragraph (c) below. The Chief Procurement Officer may further delegate authority to staff at headquarters and other locations, as may be appropriate in fulfilling the purposes of these Rules. Hereinafter references to the Chief Procurement Officer shall also be understood to mean, as appropriate, those acting under delegated authority from the Chief Procurement Officer.

(b) The Chief Procurement Officer shall ensure that the procurement functions are carried out in accordance with the relevant financial Regulations and Rules. To this end, the Chief Procurement Officer:

(i) Shall establish the necessary controls, including those for delegations of authority, and shall issue administrative instructions for purposes necessary to protect the integrity of the procurement process and the interest of UNDP;

(ii) Shall establish review committees, at headquarters and other locations, to render written advice to the Chief Procurement Officer on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as

purchase orders, and contracts that involve income to UNDP. The Chief Procurement Officer 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;

(iii) Shall ensure that when the advice of the review committee established under the preceding provisions of this Rule is required, no commitment may be entered into before such advice is acted upon by the Chief Procurement Officer or his/her authorized delegates. In cases where the Chief Procurement Officer or his/her authorized delegates decides not to accept the advice of such committee, he/she shall record the reasons for such decision.

(c) The Assistant Administrator, Bureau of Management, pursuant to a delegation of authority from and on behalf of the Administrator, is accountable for the contracting of individual consultants who provide personal or professional services to UNDP. The Assistant Administrator, Bureau of Management, shall establish the necessary controls and may delegate authority to staff in fulfilling the purposes of this paragraph. The contracting of individual consultants shall be governed by the relevant Executive Board legislation, and administrative instructions related thereto.

Rule 121.02 :

Procurement Modalities

(a) Entering into procurement by contract. No contract shall be entered into on behalf of UNDP except by the Chief Procurement Officer.

(b) Cooperating with other United Nations organizations. The Chief Procurement Officer may cooperate with other organizations of the United Nations system to meet the procurement requirements of UNDP, provided that the regulations and rules of those organizations are consistent with those of UNDP. The Chief Procurement Officer may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together, or UNDP may enter into a contract relying on a procurement decision of another organization, or may request another organization to carry out procurement activities on behalf of UNDP.

(c) Cooperating with Governments and other organizations. The Chief Procurement Officer may, to the extent authorized by relevant legislation of the Executive Board, cooperate with a Government, non-governmental organization, or other public international organization, in respect of procurement activities, and enter into agreements for such purposes.

Rule 121.03 :

Reliance on Competition

Consistent with the provisions contained in Regulation 21.02 and except as otherwise provided in Rule 121.05, procurement contracts shall be awarded on the basis of effective competition, and to this end, the competitive process will, as necessary, include:

- (a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;
- (b) Market research to identify potential suppliers;
- (c) Competition on as wide a geographical basis as practicable and suited to market circumstances;
- (d) Consideration of prudent commercial practice;
- (e) Formal methods of solicitation: invitations to bid or requests for proposals on the basis of advertisements or direct solicitation of invited suppliers; or informal methods of solicitation, such as requests for quotations. The Chief Procurement Officer shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.

Rule 121.04 :

Award of procurement contracts on the basis of formal methods of solicitation

- (a) The award of a contract shall be made after due consideration has been given to the general principles described in Regulation 21.02 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 requirements set forth in the solicitation documentation and offers the lowest cost to UNDP;
 - (ii) When a formal request for proposals have been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documentation.
- (b) The Chief Procurement Officer may, in the interests of UNDP, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Chief Procurement Officer shall then determine whether to undertake a new solicitation or to negotiate a procurement contract directly pursuant to Rule 121.05, or to terminate or to suspend the procurement action.

Rule 121.05 :

Award of procurement contracts on the basis of exceptions to the use of formal methods of solicitation

(a) The Chief Procurement Officer may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of UNDP when:

(i) The value of the procurement is below the monetary amount established for formal methods of solicitation;

(ii) There is no competitive market-place 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;

(iii) There has been a previous determination or there is a need to standardize the requirement;

(iv) The proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to Rule 121.02;

(v) Offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;

(vi) A formal solicitation has not produced satisfactory results within a reasonable prior period; (vii) The proposed procurement contract is to purchase or lease real property;

(viii) There is a genuine exigency for the requirement;

(ix) The proposed procurement contract relates to obtaining services that cannot be objectively evaluated;

(x) The Chief Procurement Officer otherwise determines that a formal solicitation will not give satisfactory results.

(b) When a decision is made pursuant to subparagraph (a) above, the Chief Procurement Officer 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 requirements at an acceptable price.

Rule 121.06 :

Written procurement contracts

Written procurement contracts shall be used to formalize every procurement for a monetary value over specific thresholds established by the Chief Procurement Officer. Such arrangements shall, as appropriate, specify in detail:

- (a) The nature of the products or services being procured;
- (b) The quantity being provided;
- (c) The contract or unit price;
- (d) The period covered;
- (e) Conditions to be fulfilled, including the United Nations standard conditions of contract;
- (f) Terms of delivery and payment;
- (g) Name and address of supplier.

The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before using any electronic means of data interchange, the Chief Procurement Officer shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.