

Policy title	Procurement Procedures
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Policy objective	The policy on Procurement Procedures outlines the principles of UNFPA's procurement process.
Target audience	The policy applies to all UNFPA personnel involved in the procurement process.
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## I PURPOSE

The UNFPA Procurement Procedures establish the processes and controls necessary to acquire goods and services from legal entities in compliance with UNFPA's Financial Regulations and Rules, including in particular the principles of public procurement, as outlined in this document. As UNFPA manages public funds, it is imperative all its procurement activities are conducted at the highest level of fairness, transparency, integrity, economy and effectiveness.

## II POLICY

This policy outlines UNFPA's key control actions to mitigate potential risks related to the process of procuring goods and services and establishes the key requirements outlined below:

### Principles, Ethics and Governing Structure

- UNFPA personnel must respect the guiding principles of public procurement that are formulated based on the concept of stewardship; careful and responsible management of the funds entrusted to UNFPA. UNFPA personnel must govern the procurement function of the organization based on the following procurement principles:
  - Best value for money considering all relevant factors, including costs and benefits to UNFPA;
  - Fairness, integrity and transparency;
  - Open and effective international competition; and
  - The interest of UNFPA
- UNFPA personnel must conduct the procurement processes satisfying the professional standards of conduct established by the [Charter of the United Nations](#), the [Staff Regulations and Rules of the United Nations](#), the [Financial Regulations and Rules](#), and in the [Standards of Conduct for the International Civil Service](#) as adopted by the United Nations.
- UNFPA has adopted zero tolerance policy on acceptance of gifts and hospitality. Therefore, procurement personnel of UNFPA are prohibited from accepting any gift including drinks, meals, event tickets, hospitality, transportation, or any other form of benefits, even if it is in connection with an official working visit.
- UNFPA personnel must conduct procurement processes with full adherence to the requirements of the [Internal Control Framework](#) (ICF) of UNFPA. The heads of unit in collaboration with the International operations managers / Operations managers, the procurement focal point(s) and other procurement personnel must establish proper management and internal controls based on the policies and procedures of procurement.
- Procurement activities can either be implemented by UNFPA directly or a procurement component can be included in a workplan of an implementing partner. Procurement under

direct programme implementation must always be governed based on these Procurement Procedures of UNFPA, and the procurement under the implementation of the partners follows partner's own procurement procedures if there are assessed by UNFPA as reasonable procedures.

### Organization of Procurement Function of UNFPA

- The head of unit of the respective UNFPA business units must designate specific UNFPA personnel to perform the following roles.

Role	Short description of the role
Procurement focal point(s) and a backup personnel	Conduct the procurement processes and associated tasks of the business unit including maintaining complete records of the processes with the exception of receiving bids and complaints.
Bid receiver and a backup personnel	Receive and manage confidentially the offers from the suppliers under informal and formal method of solicitations satisfying the requirements as established in the <a href="#">section 7</a> : management of submissions of these procedures.
Procurement complaint receiver	An independent person who is not involved in the procurement processes of the unit to receive complaints from the bidders, liaise and consult with the relevant personnel and follow-up to ensure complaints are addressed.

- Procurement focal point(s) must coordinate the procurement processes starting from the need assessments to the closure of the procurement contracts satisfying the procedural requirement and process documentation.
- The International operations managers and the Operations managers (or equivalent personnel such as Administrative and Finance Associate) of the field offices and the heads of unit for headquarter procurement are responsible for procurement process monitoring.
- The head of unit<sup>1</sup> holds the ultimate responsibility of maintaining a sound monitoring process and implementing these Procurement Procedures effectively in respective headquarters business units and field offices.

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<sup>1</sup> The UNFPA head of unit refers to the representative, division director, regional or subregional director, country director or the chief of operations (or the delegated officer), as appropriate

- The procurement focal point(s), international operations managers, operations managers and the head of unit are responsible and accountable for maintaining complete records of the procurement processes.
- The UNFPA personnel who are delegated with procurement authority (refer to section [2.5.2](#) and [2.5.3](#)) must ensure that a) the associated procurement processes have been conducted satisfying the procedural requirements b) the associated processes have been reviewed as appropriate and recommended for award before awarding procurement contracts.

### **Supplier Registration and Management**

- Procurement personnel should take action to maintain supplier rosters using tools such as [United Nations Global Market Place](#) (UNGM). The purpose of maintaining such supplier rosters is to secure a good response rate in response to solicitation processes conducted by the business unit. Procurement personnel must review the supplier rosters against the sanctioned and ineligible vendor lists provided under the section 3 of these procedures.
- UNFPA procurement personnel must ensure ineligible vendors are neither included in the supplier rosters, nor awarded procurement contracts. Please refer to [section 3.3](#) for details.

### **Procurement Strategy and Planning**

- The programme managers and the operations personnel who are responsible for implementing the associated programme and administrative activities must define the procurement requirements. The defined and quantified requirements must be communicated to the procurement focal points well in advance permitting them to conduct the processes satisfying the procedural requirements stipulated in these procedures.
- It is a must to conduct a written need assessment for all non-LTA procurement activities equal to or over USD 100,000. This need assessment must be reviewed and approved by the head of unit and the budget owner before it is forwarded to the procurement focal point(s) for their action.
- The programme and operations personnel must submit their procurement requirements to the procurement focal point(s) on an annual basis and quarterly basis using the designated templates for the procurement planning purposes.
- The procurement personnel must coordinate the process of consolidating the requirements of different programme and operations personnel and include them in the annual procurement plan of the business unit.

- Quarterly reviews of the procurement plans must be systematically coordinated and conducted by the procurement focal point and the relevant programme and operational personnel of the field and headquarters business units (only one review per year for headquarters business units) in order to:
  - a) align the plans with the programme and funding realities
  - b) use procurement plan tool to facilitate monitoring of procurement activities and efficiency in the use of resources.
- The budget owners and the programme and operations personnel who are responsible for managing programmes and administrative activities must issue the procurement requisitions on time and make sure to reserve adequate and eligible budgets to execute the planned procurement activities.

### Sourcing and Solicitation

- Only the procurement focal point may conduct all informal and formal solicitation processes in any business unit (the headquarters procurement team at Procurement Services Branch (PSB) manages this task on behalf of other headquarter business units). The solicitation processes must be conducted respecting the following thresholds.

Method of solicitation	Headquarter business units (USD)	Regional office business units (USD)	Other field office business units (USD)
Shopping	below 10,000	below 10,000	below 5,000
Request for quotation (RFQ)	10,000 or above and below 100,000	10,000 or above and below 100,000	5,000 or above and below 100,000
Request for Proposal (RFPs) and Invitation to bid (ITBs)	100,000 or above	100,000 or above	100,000 or above

- Deliberately conducting multiple tender processes or splitting requisitions in order to circumvent established rules and procedures of UNFPA including but not limited to contracts committee review, goes against, inter alia, the procurement principle of open and effective international competition and increases UNFPA transactional costs. Therefore, such actions result in the mismanagement of public funds and wastage of resources, and, when identified, may lead to disciplinary actions.



- The respective unit must obtain pre-clearances of solicitation documents as follows:
  - any procurement including amendments with an estimated value equal to or greater than USD 100,000 must be pre-cleared by PSB procurement personnel or by any other procurement specialist outside PSB appointed by the Chief, PSB.
  - any procurement associated with pharmaceutical products, medical devices, medical equipment, in-vitro diagnostics and lubricants must be pre-approved and reviewed by PSB regardless of the value.
  - procurement of information technology systems and solutions regardless of the value must be pre-cleared by personnel in the professional category of ITSO.
  - procurement relating to publications that will bear the name and/or logo of UNFPA regardless of the value must be pre-cleared by personnel in the professional category of MCB
  - procurement associated with security-related equipment (including communication equipment and armored vehicles), goods and services, regardless of the value of the procurement transaction must be pre-cleared by personnel in the professional category of OSC.
  - procurement associated with constructions and renovation, and vehicles regardless of the value must be pre-cleared by personnel in the professional category FASB.
  - procurement associated with payment services, regardless of the value must be pre-cleared by personnel in the professional category of the finance branch.
- Except for specific situations covered under [section 6.8](#) where the use of formal methods of solicitation is not required, in all other situations, procurement of USD 100,000 and above is subject to formal methods of solicitation. Therefore, if a solicitation, or a request for expressions of interest to prequalify potential suppliers, has not been published on UNGM and the corresponding contract value equals to or exceeds USD 100,000, the entire exercise might have to be re-tendered. It is therefore recommended to publish on UNGM all tenders (or requests for expressions of interest for limited bidding exercises), if there is only the slightest chance that the amount might equal to or exceed USD 100,000.
- With the exception of RFQs conducted by the headquarters business units (managed by PSB) not exceeding USD 50,000 and shopping, responses from suppliers/bidders to solicitations (informal and formal; RFQs conducted by field offices, RFPs, and ITBs) must be received securely, and formal quotation/bid opening must be conducted. (refer to sections [6.3.1.2](#), [6.3.2.1](#), [6.3.2.2](#))
- The International operations manager or the Operations manager (or equivalent staff member such as Administrative/Finance Associate) must establish a dedicated and secured email address to receive offers from the suppliers. This email address must be restricted to the bid receivers designated by the head of unit.
- The exception to the use of formal method of solicitation shall be exercised strictly in accordance with the UNFPA Financial Rule 115.5 (refer to [section 6.8](#)).

## Management of Submissions

- With the exception of RFQs conducted by the headquarters business units below USD 50,000 and shopping, a clear segregation of duties must be maintained when reviewing bids/quotes as follows:
  - quotations and bids received further to informal and formal methods of solicitation (RFQs, RFPs, and ITBs) must be received by a dedicated and designated bid receiver and must be recorded in a bid receipt report.
  - a separate bid opening panel must perform the quotation/bid opening, and the panel must consist of at least two personnel. At least one member of the bid opening panel must not be involved in the subsequent steps of the procurement process.

## Evaluation of Submissions

- With the exception of RFQs conducted by the headquarters business units (managed by PSB) below USD 50,000 and shopping, evaluation of offers (bids, proposals, and quotations) must be conducted by a designated bid evaluation committee consisting of at least three members (for RFQs two members) and a maximum of five members. The majority of the committee must be represented by UNFPA personnel, and a UNFPA staff member must chair the evaluation panel. All possible actions shall be taken to have at least one member from a different United Nations agency.
- The bid evaluation committee and the procurement personnel must conduct the bid evaluation process and supplier qualification strictly per the evaluation and qualification methodology and criteria published in the solicitation documents. (refer to [section 8.2](#))
- Negotiation with the recommended bidder must be done only after completing the evaluation process and to the extent possible before the approval of contract award with the exception of negotiations on the General Conditions for Contracts that may be conducted after the contract has been awarded. As a minimum two UNFPA personnel must be involved in negotiations and the proceedings must be properly recorded (e.g. note to file, official email exchanges) and presented to the contract award authority. Negotiation can only be done under specific circumstances and only with the recommended bidder (refer to [section 8.9.4](#)).
- The head of the unit must appoint an independent person who is not involved in the procurement process to receive complaints from the bidders and to coordinate the internal communication and further review before providing a feedback to the complainant.
- The evaluation committee must produce and present a comprehensive bid evaluation report to the procurement focal point who is responsible for the procurement process. The report must be a) dated and signed by all committee members b) names, titles and the

organizations of the committee members are properly indicated c) the final recommendation is clearly mentioned.

### **Procurement Process Review and Decisions**

- The UNFPA personnel who are delegated with the procurement authority to award the contracts must ensure that the respective procurement processes have been reviewed by the appropriate procurement process review committees (LCRC or headquarters CRC) before awarding the contracts (refer to sections [9.4.1](#) and [9.4.2](#)). The procurement focal point(s) of the UNFPA business units must provide the procedural advice to the procurement authority.
- Enter into a contractual commitment or to effect a contract award without securing the necessary prior review by the relevant review committee is prohibited. Doing so results in situations of post facto and, as a consequence, procurement personnel may be subject to administrative and/or disciplinary action. Post facto awards may result in different types of contractual situations and the risk mitigation actions must be taken based on the degree of the risk generated by the specific contractual situation.

### **Awards of contracts**

- Award of contract must:
  - only be done by the UNFPA staff who has been delegated with the appropriate procurement authority as described in [section 2.5.1](#).
  - only be done after securing the required procurement process review approval and the recommendation from the LCRC or headquarters CRC if applicable (refer to sections [9.4.1](#) and [9.4.2](#)).

### **Contracting and Contractual Instruments**

- Headquarters and field office business units must establish contracts with suppliers using standard contract templates of UNFPA. UNFPA uses purchase orders issued through the Atlas, contracts for professional services and long term agreements (LTAs) to establish contractual relationships with suppliers. All these contractual tools must accompany the applicable specifications, terms of reference (“ToR”), statement of work (“SoW”) and the appropriate UNFPA General Conditions of Contract (“GCC”). (refer to sections [11.3](#), [11.4](#) and [11.6](#)). UNFPA shall not use contracting tools to establish procurement contracts other than the ones mentioned above without obtaining prior approval from PSB and the Legal unit.
- UNFPA business units must issue internal and administrative purchase orders using Atlas before signing contracts for professional services with suppliers. The corresponding purchase order should cover the total value of the contract for professional services as the purpose of issuing the purchase order in the ERP system is to encumber the funds required

to discharge the financial commitments going to be established through the contract for professional services.

## Logistics

- UNFPA shall act as the consignee of the UNFPA programme related shipments in general. Alternatively, the implementing partners or the parties nominated by the implementing partners may be assigned as the consignees. The business units must adhere to the provisions made through the [Policy and Procedures on Management of Programme Supplies](#) for determining the appropriate consignee for programme supplies related shipments as well as for the shipments associated with other goods and commodities. UNFPA does not act as the consignee of the shipments under third party procurement modality in general (TPP).
- The default mode of transportation is sea and land. Air transportation shall only be used on an exceptional basis under special circumstances and subject to having a strong justification (refer to [section 12.3.1](#)).
- The field offices and the headquarters business units must perform detailed receiving and inspection of local as well as international consignments immediately upon receipt of the goods. The receiving and inspection process must be documented with all relevant details using the standard [Receiving and Inspection Report](#) (refer to [section 12.5.1](#)). This requirement is not applicable to Third Party Procurement related shipments.
- The procurement focal points of the field offices and headquarters business units must make sure that the international shipments arranged by them are properly covered through the joint United Nations global cargo and warehouse insurance contract. For that purpose, the procurement focal point must use incoterms of the E (e.g. EXW), F (e.g. FCA) or C (e.g. CPT) families as appropriate in order to facilitate automatic capture of their shipments in the global insurance coverage. The lack of use of incoterms or the use of the incorrect incoterms will result in the cargo not being insured while the risks are still being borne by UNFPA.
- Inventory held at UNFPA managed warehouses must be insured by the joint United Nations global cargo and warehouse insurance. Field office logistics focal points must report to the PSB insurance focal point on a monthly basis the value of the goods held in UNFPA managed warehouses, and must provide a valid CoA, so that adequate insurance coverage can be maintained.
- The designated and authorized personnel of field offices and the headquarter business units (including PSB) must enter financial receipts in Atlas right after receiving documentary evidences to prove the transfer of risks of the commodities from the vendor to UNFPA. In other words right after the commodities are delivered to UNFPA. (refer to [section 12.5.3](#))

## Contract Management

- Advance payments can be made to a contractor as follows:
  - advance payments below USD 50,000 can be approved by the field office managers or the Chief, PSB.
  - advance payments greater than USD 50,000 must be approved by the Chief Procurement Official of UNFPA (DED-management).
  - no special approvals are required if the advance payment is considered as the standard of the specific market and or the advance payment is supported by a bank guarantee provided by the respective supplier. The wording of the bank guarantee must be reviewed and approved by the Chief of Finance Branch. (refer to [section 13.5.3](#))
  
- The procurement focal points must perform vendor performance evaluation using the online vendor performance evaluation tool. Purchase order based vendor performance evaluation is mandatory in the following instances:
  - a) all contracts issued to LTA suppliers for core reproductive health commodities and associated services regardless of the value;
  - b) individual Atlas purchase orders that equal or exceed USD 5,000 (for field offices excluding regional offices)/USD 10,000 (for headquarters business units and regional offices) for all other types of procurements;
  - c) all purchase orders issued by PSB under UNFPA purchase order business unit regardless of the value and type of procurement.

## Cooperation with other United Nations entities

- Piggybacking on the LTAs established by other United Nations agencies can be done only after obtaining the consent from the respective United Nations agency and the LTA supplier in writing and also establishing a memorandum of agreement (MoA) with the LTA supplier. The procurement processes must be conducted strictly under the conditions of such LTAs and the applicable SOPs (refer to [section 6.3.3.3](#)).
  
- All UNFPA business units must promote procurement cooperation with other United Nations agencies per the provisions made through [section 14.1](#) of these Procurement Procedures.

## Specific procurement restrictions

- UNFPA business units must use applicable policies and procedures from the Division of Human Resources for engaging individuals who are natural persons and are not organized as legal entities for procuring goods and services. In case of any doubts, it is recommended to contact DHR or PSB for guidance. As a rule, UNFPA business units must refrain from procuring goods and services (non-consultancy nature) from individuals who are natural persons and are not organized as legal entities.

- Procurement of contraceptives is strictly limited to UNFPA implementation only and must be undertaken by the Procurement Services Branch (PSB).
- Procurement of Pharmaceuticals and medical devices is strictly limited to UNFPA implementation only.
- Procurement of pharmaceuticals, medical devices, diagnostic products (IVDs) or lubricants that are not covered in the [UNFPA Product Catalog](#) or the catalogs of United Nations agencies such as UNICEF and WHO shall be conducted only after receiving clearance from PSB regional team leads. The regional team leads must make such non-LTA procurement decisions based on the approval of the team lead of the quality assurance team of PSB. As a default, such procurement processes must be conducted by PSB. Alternatively, local procurement of non-LTA items may be permitted by PSB provided that such move will increase the operational and delivery efficiency and the field office manager takes the accountability of the entire procurement process including the quality assurance of the products. Procurement of reproductive health commodities must be conducted satisfying the requirements of these Procurement Procedures and UNFPA's quality assurance policy including the quality control and monitoring requirements (refer to sections [15.3.1](#) and [15.3.2](#)).
- Construction (including renovation and alteration works) for programme purposes can only be conducted according to the following:
  - When the estimated aggregate value is equal to or greater than USD 200,000 and less than USD 1,000,000 within a relevant country programme or global/regional intervention, the respective field office or headquarter business unit must obtain approval from the Director, DMS prior to commencing the procurement process.
  - The Deputy Executive Director, Management must approve programme construction projects when the aggregated value is equal to or exceeds USD 1,000,000 within a relevant country programme or global/regional intervention.
  - UNFPA may engage an implementing partner to undertake construction activities (including renovation and alteration works) when the value of the construction is less than 50 percent of the workplan, and the activity is bundled with other programme activities.
  - UNFPA may use procurement modality to undertake construction activities (including renovation and alteration works) when the value of the construction is greater than 50 percent of the work plan, and the construction related work is the sole activity to be undertaken.
  - The respective unit must engage an engineering consultant for all construction activities. The unit does not, need to engage an engineering consultant if activities to be undertaken are renovation-related only and of a total value of below USD 50,000 (refer to [section 1.1.1](#) for details).

- Procurement of vehicles at UNFPA is conducted using United Nations Long term agreements (LTAs) and on ex-factory basis as the default. Procuring vehicles through UNFPA specific solicitation processes or ex-stock basis needs pre-clearance from the regional team leads at PSB or Chief, PSB as explained in the procedures. Procurement of armored vehicles must be pre-cleared and approved by the Office of security coordinator (OSC) and vehicles owned and controlled by UNFPA must be conducted after obtaining pre-clearance from and the Facilities and administrative services branch (FASB) (for representational vehicles) and the respective regional office (for programme and other vehicles). (refer to [section 4.7.2.2](#)).

### III PROCEDURES

#### 1. INTRODUCTION

##### 1.1 Application and principles

###### 1.1.1 Application

These Procurement Procedures apply to the acquisition, by purchase or lease, of property, including goods and services from legal entities, as per UNFPA [Financial Regulations and Rules](#), Regulation 15.1.

These Procurement Procedures shall not be used in the following instances:

- to select legal entities to provide programmatic services (i.e., implementing partners) *on behalf of* UNFPA under the programme modality). For guidance on when to use programme or procurement modalities when selecting legal entities for provision of services, please refer to the “[UNFPA Guidance note Contracting Legal Entities to Provide Services: When to use Programme and when to use Procurement](#)”.
- to engage individuals who are natural persons and are not organized as legal entities for provision of goods and services. Rather, engagement of individuals who are natural persons and not organized as legal entities must be based on applicable UNFPA Division of Human Resources (“DHR”) policies, procedures and legal instruments. In case of any doubts, it is recommended to contact DHR or the UNFPA Procurement Services Branch (“PSB”) for guidance.”
- procurement undertaken in emergencies<sup>2</sup> in countries where UNFPA’s Chief Procurement Official (CPO) has approved activation of the procurement component of the [UNFPA Fast Track Policy and Procedures \(FTP\)](#).

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<sup>2</sup> Please note, however, procurement of emergency reproductive health kits from the Global Contraceptive Commodity Programme (GCCP) stock is governed by these Procurement Procedures section 15.4.1.6

### Direct programme implementation:

Under UNFPA direct implementation of programmes of assistance (i.e., on a UNFPA-implemented workplan), UNFPA's regulations, rules and these Procurement Procedures apply to the procurement of goods and/or services, irrespective of the funding source.

### Implementation by a partner:

Under the programme modality, the implementing partner uses its own regulations, rules and procurement procedures (Financial Regulations and Rules 8.1) to undertake any procurement activity included in its work plan, provided the business unit engaging the implementing partner has assessed their procurement capacity as adequate. For more information about working with implementing partners, click [here](#).

Should the implementing partner's regulations, rules or procedures prove to be inadequate, through the micro-assessment or, as discovered during spot-checks, the UNFPA head of unit, further to consultations with PSB, (e.g. contradiction to the UNFPA [Financial Regulations and Rules](#) or UNFPA's procurement principles) will transfer the procurement component to a UNFPA implemented workplan and recorded as PU0074 and these Procurement Procedures will apply to subsequent procurement activities. The relevant UNFPA head of unit must ensure the transfer of the procurement component, as described above, does not result in a breach of any contractual obligations on UNFPA's part.

## **Restricted activities:**

### **Contraceptives**

The procurement of contraceptives can only be undertaken by PSB. In other words, contraceptives cannot be procured by any individual headquarter unit, regional or country office, nor can they be included in an implementing partner's workplan.

### **Pharmaceuticals and medical devices**

The procurement of pharmaceuticals and medical devices can only be undertaken by UNFPA and must never be included on the workplan of an implementing partner.

### **Construction and renovation**

Construction activities are not one of the core competencies of UNFPA and therefore, should rarely be undertaken by UNFPA. UNFPA business units can only engage in construction activities if the appropriate approvals are obtained and processes, as outlined in this section, are followed.

For the purposes of this section, the term construction includes renovation and alterations works.

The head of unit retains overall responsibility for successful implementation of all eligible and approved construction activities.



### **Construction activities for UNFPA administrative purposes:**

Construction activities (including renovation and alteration works, as defined above) to office space for administrative purposes refer to a work associated with any real estate housing a UNFPA office and managed by UNFPA; this includes any decentralized office. [UNFPA's Policy for Real Estate Management at Headquarters](#) and [UNFPA's Policy for Real Estate Management in Field Offices](#) apply in all matters related to construction activities for UNFPA administrative purposes. When the real estate policy allows construction activities, the selection of supplier must strictly follow these Procurement Procedures. Facilities and Administrative Services Branch ("FASB") can provide further information on both policies, if needed.

### **Construction activities for UNFPA programme purposes:**

Construction activities (including renovation and alteration works, as defined above) for programme purposes refer to any work on (or in) a non-UNFPA office undertaken as part of a UNFPA country programme or global/regional intervention.

Eligibility requirements and special approval process:

- UNFPA programme funds can only be used for labor and materials to build low cost and small-scale new structures and/or expand or renovate existing facilities.
- Any construction activities using programme funds, can only be undertaken if the work meets the following eligibility criteria:<sup>3</sup>
  - Construction activities are part of a larger programme and are limited to the facilities used for directly providing information and services related to the UNFPA mandate (e.g., reproductive health counselling and services, gender based violence safe spaces, census services, etc.).
  - The relevant headquarter unit or the regional director has cleared and submitted to the Director, DMS a request for approval of construction activities when the estimated aggregate value of all construction activities is equal to or greater than USD 200,000 and less than USD 1,000,000 within a relevant country programme or global/regional intervention, and has obtained the required approval. The request is made via the ['Request for Approval – Construction, Renovation and Alteration' template](#).
  - The relevant headquarter unit or the regional director has cleared and submitted to the Deputy Executive Director, Management a request for approval of construction activities when the aggregated estimated value of all construction activities is equal to or greater than USD 1,000,000 within a relevant country programme or global/regional intervention, and has obtained the required approval. The request is

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<sup>3</sup> The respective unit must a) obtain all approvals prior to initiating the bidding process or selection of the entity to undertake the work and b) prior to issuing a contract for construction, submit a request for recommendation/approval or contract award to the relevant process review committee/ procurement authority in order to secure the necessary approval (see section [9.4.1](#) and [9.4.2](#)).

made via the [‘Request for Approval – Construction, Renovation and Alteration’ template](#).

- The government has donated the land for building *new* structures; no funds for purchase or leasing of land will be allocated.

### **Implementation modality for undertaking construction activities using programme funds**

Once the head of unit determines all eligibility criteria are met and the necessary special approvals obtained for the construction activities, (s)he determines whether UNFPA will use programme or procurement modalities<sup>4</sup>, i.e., engage an implementing partner in accordance with relevant [UNFPA programme policies](#) or procures services in accordance with these Procurement Procedures, as follows:

#### Procurement modality

UNFPA will always use the procurement modality, and these Procurement Procedures apply, in the following situations:

- if approved and eligible construction related work is the sole activity to be undertaken;
- if approved and eligible construction work is part of a larger programme where construction activities account for more than 50 percent of the work plan budget.

UNFPA offices are strongly encouraged to work with United Nations organizations as described in [section 14.1 - Cooperation with United Nations entities](#), of these Procurement Procedures.

#### Programme modality

UNFPA will use the programme modality, i.e., engage an implementing partner<sup>5</sup> to undertake eligible and approved construction activities when the construction related budget is less than 50 percent of the proposed workplan and the relevant head of unit makes the decision to bundle<sup>6</sup> the construction activities with other programmatic activities (e.g., GBV counselling services). In these cases, the procurement procedures of the implementing partner apply.

### **Engaging an independent engineering consultant to oversee construction activities**

Regardless whether the business unit uses the programme or procurement modality for approved construction activities, UNFPA must retain an independent engineering consultant prior to initiating the selection process of the relevant service provider. Advice from FASB may be sought

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<sup>4</sup> Please see the [“Guidance note - Contracting Legal Entities to Provide Services: When to use Programme and when to use Procurement”](#).

<sup>5</sup> In accordance with applicable [UNFPA programme policies](#).

<sup>6</sup> UNFPA can either keep the programmatic and construction activities together on one work plan to be undertaken by an Implementing Partner or, the head of unit can decide to separate the two and undertake the construction activities directly using these Procurement Procedures.

when preparing the terms of reference<sup>7</sup>. The unit does not need to engage an engineering consultant if activities to be undertaken are renovation-related only and of a total value of below USD 50,000.

The responsibilities of the engineering consultant will include:

- Procurement modality:
  - Assist in writing the specifications and participate on the bid review panel;
  - Review all plans and visit the construction site prior to initiating work;
  - Submit a professional assessment of all aspects of the project to the UNFPA head of unit. Any deficiencies or issues identified at this time must be brought to the attention of the unit undertaking the construction activities;
  - Ensure work is conducted in a timely and cost-efficient manner and confirm that construction is implemented and completed in accordance with the statement of works, specifications and standards cited in the contract;
  - Monitor the construction activities on UNFPA's behalf, provide reports concerning construction status and recommend release of payment.
  
- Programme modality:
  - Assist in writing the specifications for the construction activities to be undertaken and participate in the selection process for selecting the implementing partner;
  - Assess the capacity of the implementing partner to undertake the construction activities;
  - Review all plans and visit the construction site prior to initiating work;
  - Submit a professional assessment of all aspects of the project to the UNFPA head of unit. Any deficiencies or issues identified at this time must be brought to the attention of the implementing partner so problems can be addressed before beginning construction;
  - Ensure work is conducted in a timely and cost-efficient manner and confirm that construction is implemented and completed in accordance with the statement of works, specifications and standards;
  - Monitor the construction activities on behalf of UNFPA, review and provide feedback to the programme manager on construction related activities in the work plan progress report, provide reports concerning construction status to the head of unit and review construction related activities on the FACE form to recommend release of payment for those specific activities.

### 1.1.2 Principles

The present Procurement Procedures are subject to the following principles:

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<sup>7</sup> If, during the selection process, a United Nations organization with recognized expertise in the area concerned is selected, under either the procurement or programme modality, the services of the independent engineer will no longer be required.

### **Currency of financial amounts:**

All financial amounts in these Procurement Procedures refer to USD. Whenever a transaction is carried out in a currency other than USD and is required to be converted into USD in order to be recorded in the UNFPA accounts, the United Nations operational rate of exchange in effect on the date the of transaction applies (UNFPA [Financial Regulations and Rules](#), Rule 113.3).

### **Calculation of financial limits/thresholds:**

All financial limits or thresholds referred to in these Procurement Procedures for determining the appropriate [procurement authority](#) for contract award, shall be calculated as the amount of contracts issued to a same supplier during the same calendar year:

- with identical Atlas “Ship To” for UNFPA PO business units or
- with identical Atlas “Department ID” for all other Atlas PO business units, e.g., USA40, DNK40, and JPN40 (refer definition under “Atlas”)

The term “Amount of contracts issued to the same supplier during the same calendar year”, as mentioned above, is defined as:

- Individual contract amounts and
- Aggregated amounts of individual contracts issued to a same supplier during the same calendar year once the aggregate amount is equal to or greater than USD 50,000 (i.e. as long as the aggregate amount to a same supplier over the same calendar year is less than USD 50,000, individual contract amounts do not need to be accumulated for the purpose of determining the appropriate procurement authority).

In the case of a threshold relating to contracts review, the aggregate count for the same Atlas “Department ID” or Atlas “Ship To” (refer definition of Financial limits above) resets to zero after a review by the relevant contracts review committee has been conducted and the award has been properly made by the relevant procurement authority. In other words, the aggregate amount of the contracts awarded to the same vendor prior to a review conducted by a contract review committee and subsequent approval by the relevant procurement authority, must not be included in the calculation of the threshold for the remainder of the calendar year. However, any contract awarded to a vendor not reviewed by a contracts committee (e.g., contracts awarded based on the procurement authority of the head of unit and the chief, PSB without securing a procurement process review from CRC or LCRC) will continue to be aggregated until a) the end of the calendar year or b) the aggregate amount reaches the CRC/LCRC threshold and, hence, must be submitted to a contracts review committee.

The United Nations exchange rate on the bid submission deadline date is always used to convert bid amounts. Therefore, the financial amount used to determine the appropriate procurement authority for contract award is the amount calculated on the date on which the solicitation closed.

In given situations, UNFPA may have to contract suppliers to facilitate payment of “non-procurement” fees owed by UNFPA to a third party (e.g., UNFPA hires a customs clearance agent

and, as part of the ToR, the agent pays storage and demurrage fees to the port authority on UNFPA's behalf: UNFPA needs to pay for non-negotiable costs fixed by country legislation, such as fee for gas, electricity, water consumption).

When the "non-procurement" fee to be transferred to a third-party forms an integral part of the supplier's offer to UNFPA and which resulted in the award of the contract, the total contract amount, including the "non-procurement" fee, shall be taken into account for the purpose of determining the appropriate procurement authority for contract award.

In all other cases:

- For the purpose of determining the appropriate procurement authority for contract award, the "non-procurement" sum owed to the third party shall be excluded from the relevant supplier's overall contract value (for example, for payments to enumerators, or to a customs agent for custom clearance costs, the value of the fee expected to be paid to the service providers is what determines the procurement authority, i.e., the value of fees, not the value of payments to be made by them on behalf of UNFPA).
- UNFPA should reimburse the suppliers for transfer of "non-procurement" fees. If UNFPA is required to transfer "non-procurement" fees to the supplier in advance, please refer to [the Policy and Procedures on Management of Cash Disbursement](#). For payment of any other advances please refer to [section 13.5.3](#) of these Procurement Procedures ("Advance payment") applies.

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

## 1.2 Regulatory framework

Personnel involved in carrying out procurement activities must ensure compliance with all relevant policies and procedures.

A risk matrix ([link](#)) including the key risks over the procurement cycle, together with the associated first and second lines of defense, highlights the main areas of focus and attention for all UNFPA personnel involved in procurement operations. Key tasks assigned to each category of involved personnel are outlined below and explained in detail in subsequent chapters.

**The international operations managers and operations managers (or equivalent staff member such as Administrative/Finance Associate) in field offices, as well as heads of unit for headquarter procurement, play a procurement monitoring and oversight role and should pay special attention to the following specific tasks:**

1. Annual procurement plans are prepared per the deadlines specified for the various types of procurement (refer to [section 4.3.2](#)), are based on the quantification exercises conducted

- with partners and the systematic requirement assessments and definitions conducted by the relevant programme and operations staff members of UNFPA and are implemented and revised in the course of the year;
2. Solicitation processes (refer to [section 6.3](#)), Bid evaluation (refer to [section 8](#)), and Procurement process reviews (refer to [section 9.4](#)) are conducted per the requirements of these Procurement Procedures this includes in particular ensuring:
    - The right solicitation templates, available on the [PSB microsite](#), are used. Emergency procurement templates and processes are not used for regular procurement;
    - Tender requirements are not over or under-specified;
    - The evaluation criteria are properly defined in the solicitation documents;
    - The bidding time is sufficient to allow for effective competition;
    - Bidders are provided with the same information at the same time;
    - A dedicated and secured email address is created for the business unit to receive offers from the suppliers securely (refer to [section 7.1.3](#));
    - An independent lead Bid receiver and a backup are appointed and the approval from the head of unit is secured (refer to [section 7.1.3](#));
    - Bid evaluation committees nominated by the procurement focal point are approved after analyzing against the provisions made in the sections [8.1](#) and [8.2](#);
    - Bid evaluation is done strictly in accordance with the evaluation criteria specified in the tender documents and no new criteria are included at time of bid evaluation
    - Proper segregation of duties is maintained at each critical step of the tender process (bid receipt, bid evaluation);
    - Review by CRC/L-CRC, when applicable, is done prior to issuing any POs to vendors.
  3. Contracts are issued after proper contract award approval has been secured from the appropriate procurement authority (refer to [section 2.5.1](#)) and:
    - The appropriate contracting tools have been used (refer to [section 11](#));
    - A purchase order has been issued in Atlas prior to making any commitment to contractors (refer to [section 11.3](#)), either in writing or through manual POs as this is a serious breach of the [Internal Control Framework](#).
  4. The status of the Atlas requisitions as well as purchase orders is monitored;
  5. Contracts, including LTAs, are managed, in particular:
    - Expenditure ceilings are not exceeded;
    - Purchase orders are monitored and closed;
    - Assessment of vendor performance is done (refer to [section 13.2](#)).
  6. Complete records of the procurement processes are maintained for audit trail purposes.

**The programme and operations personnel responsible for implementing the associated programme and administrative activities must:**

- 1) Provide need assessments and requirement definitions to the procurement focal point in a timely manner;

- 2) Provide itemized and quantified estimated requirements to the procurement focal point on an annual basis to facilitate timely preparation and submission of annual procurement plans;
- 3) Review the annual procurement plans in collaboration with the procurement focal point on a quarterly basis in order to update and align the plans with the evolving programme and administrative requirements (refer to [section 4.3.3](#));
- 4) Effectively participate in the preparation of solicitation documents by providing generic specifications, terms of references and information required to establish the evaluation criteria used for evaluating the offers;
- 5) Participate in the bid evaluation committees and perform the evaluations objectively based on the evaluation criteria published with the solicitation documents and the general procurement principles;
- 6) Provide the information and documents requested by the procurement focal point for submitting the cases to the procurement process review committees and the contract award authorities;
- 7) Act as the owners of the procurement contracts established under the relevant programme and administrative activities from the technical aspect and take action to systematically implement and manage them in collaboration with the procurement focal point;
- 8) Provide required feedback to the procurement focal point(s) on a timely basis for conducting vendor performance evaluations;
- 9) Perform contract closure activities in collaboration with the procurement focal point(s) as applicable in order to close the procurement files with complete records of the entire process.

**The budget owners must:**

- 1) Make budgets available on time, thus facilitating the procurement processes and timely establishment of procurement contracts;
- 2) Consult the relevant programme and operations personnel and make sure that the validity of the funding sources are long enough to cover the complete lead-times of the established procurement contracts and the amendments;
- 3) Ensure appropriate and accurate chart of accounts (funding sources) are allocated for the procurement activities;
- 4) Ensure that the procurement transactions are conducted in compliance with the regulations, rules, policies, and procedures as well as the conditions of the procurement contracts;
- 5) Monitor the implementation status of the procurement contracts and make sure the deliverables are delivered and completed per the conditions of the contracts.

**The procurement focal point(s) must satisfy the following requirements:**

- 1) Act as the overall coordinators of the procurement processes starting from the requirement definition to the closure of the procurement contracts;
- 2) Provide the procedural guidance to the programme and other operations personnel on procurement related matters;

- 3) Conduct the solicitation processes (informal and formal) on behalf of the entire office satisfying the procedural requirements and maintaining complete records of the procurement processes;
- 4) Ensure that a secured email address is established to receive the offers from the suppliers;
- 5) Ensure that a designated lead Bid receiver and backup are appointed by the head of the unit to receive and record the offers from the suppliers;
- 6) Establish all procurement contracts centrally on behalf of the entire business unit and provide the operational and procurement support to the relevant programme and operations personnel in implementing and managing the contracts;
- 7) Keep all procurement files complete and up-to-date with all procurement process related documents;
- 8) Maintain procurement logs to ensure better management over a) the solicitation processes; b) establishing and managing contract for professional services and Long Term Agreement (LTAs); c) piggybacking on the LTAs established by other United Nations entities; d) direct contracting without conducting RFQs or collecting three quotations:
  - RFQ log
  - Bid Log
  - LTA log
  - MoA log
  - Contract log
  - Direct contracting RFQ log
- 9) Coordinate the processes of evaluating the offers submitted by the suppliers;
- 10) Put bid evaluation committees together (in consultation with the relevant programme/ operations personnel) and obtaining approval from the International operations manager/ Operations manager or the equivalent UNFPA personnel;
- 11) Coordinate the process of providing procurement related documents to the internal and external auditors and other process reviewers;
- 12) Keep all procurement related applications and systems up to date.

**The designated lead Bid receiver and the backup in the absence of the lead must satisfy the following requirements.**

- 1) In line with UNFPA procurement principles, the Bid receiver(s) must ensure full confidentiality and integrity of the offer receipt process. No information related to the offers must be disclosed before the bid submission deadline (date and time);
- 2) The password of the secure email address used for receiving offers can under no circumstances be shared with any other person, even with the personnel supervising the Bid receiver(s);
- 3) All offers received on hard copies must be stamped with time and date of receipt, registered in an offer receipt report, and placed in a locked container, such as a cabinet or safe, until the opening date and time of the offers.



The head of the unit holds the ultimate responsibility of maintaining a sound monitoring process and ensuring all personnel in their office effectively follow these Procurement Procedures. The head of the unit must ensure the first and second lines of defense outlined in the risk matrix are in place in their unit. Appointing an independent person who is not involved in the procurement process to receive complaints from the bidders is one of the second line of defenses that s/he must establish.

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

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

### 1.3 Procurement principles

The guiding principles of public procurement are based on the concept of stewardship. The term “stewardship” generally refers to the careful and responsible management of something entrusted to one’s care. Public sector organizations are the stewards of public funds provided in trust to fulfil specific purposes. A significant proportion of these funds are spent through procurement processes, for which there are many stakeholders, whether as taxpayers, suppliers or beneficiaries. These stakeholders need to be assured funds are being utilized correctly and for the benefit of intended groups. There is, therefore, a requirement the entrusted organization upholds ethical values and ensures it achieves value for money, efficiency, transparency and accountability. These expectations form the basis of public procurement principles.

[Financial Regulation](#) 15.2, provides:

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

- 1) Best value for money considering all relevant factors, including costs and benefits to UNFPA;
- 2) Fairness, integrity and transparency;
- 3) Open and effective international competition; and
- 4) The interest of UNFPA.”

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

### 1.3.1 Best value for money

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

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

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

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

- 1) maximize competition;
- 2) simplify the tender process while minimizing financial risk factors for UNFPA;
- 3) carefully establish appropriate evaluation criteria (in order to select the offer with the highest expectation to meet UNFPA's or its clients' needs, in accordance with appropriate evaluation parameters set in the tender documents);
- 4) consider all costs (including those other than the direct ones; e.g., life cycle costs, maintenance costs, sustainable procurement considerations);
- 5) ensure impartial and comprehensive evaluation of offers in a timely manner, and
- 6) ensure selection of the supplier whose offer has the highest degree of realism and whose performance is expected to best meet the specified requirements at the lowest overall expense to the organization.

### 1.3.2 Fairness, integrity and transparency

The manner in which the procurement process is carried out must give all internal and external stakeholders of the organization the assurance that the process is fair. A fair procurement process is free from favoritism, self-interest, or preference in judgment.

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

The assurance of a fair process can be given to all interested parties through transparency, which refers, *inter alia*, to the process by which reliable, timely information about existing conditions,

decisions and actions relating to UNFPA activities is made accessible, visible and understandable. The concept of transparency includes the unimpeded visibility and openness in all transactions. It ensures that all information on procurement policies, procedures, opportunities and processes are clearly defined and made known simultaneously to all interested parties.

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

### **1.3.3 Open and effective international competition**

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

[Financial Rule](#) 115.3 provides:

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

- 1) acquisition planning for developing an overall procurement strategy and procurement methodologies;
- 2) market research for identifying potential suppliers;
- 3) consideration of prudent commercial practices; and
- 4) formal methods of solicitation, utilizing Invitations to Bid or Requests for Proposals on the basis of advertisement or direct solicitation of invited suppliers; or informal methods of solicitation, such as Requests for Quotations. The CPO shall issue policies and procedures concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.”

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

- 1) Adequate notification must be given to the entire community of potential suppliers to ensure that there is sufficient time to participate in the procurement processes.
- 2) No restriction to limit competition through over-specification (e.g., inclusion of unjustified or unrealistic requirements in specifications and/or terms of reference), or under-specification (e.g., omission of essential information in the specifications and/or terms of reference).

- 3) Economy of scale through selection of relevant procurement strategies to take advantage of grouping of quantities, volume effect, etc. in order to ensure price effectiveness and reduction of administrative costs.

In view of the above, deliberately conducting multiple tender processes (refer to [section 6.3](#) of these Procurement Procedures) or splitting requisitions (refer to [section 4.4](#) of these Procurement Procedures) in order to circumvent established rules and procedures, including but not limited to contracts committee review (refer to [section 2.5.1](#) of these Procurement Procedures), go against, *inter alia*, the procurement principle of open and effective international competition and increase UNFPA transactional costs. Therefore, such actions result in the mismanagement of public funds and wastage of resources, and, when identified, may lead to disciplinary actions.

### **1.3.4 The interest of UNFPA**

This principle is derived from the ultimate objective of adding value to the organization, its programme delivery and its clients in fulfilling their goals and objectives. Undertaking procurement in the interest of UNFPA means carrying out procurement activities, in compliance with these procedures, to best enable the organization and its clients to reach the general and specific objectives of the programme.

To a large extent the other three principles underpin this overarching principle, but the latter principle also includes concepts such as maintaining the highest image and reputation of the organization, not giving the impression of impropriety, and promoting the public good as specified in the [UN Charter](#) in every aspect of UNFPA procurement activities.

## **1.4 Ethical standards**

### **1.4.1 General considerations**

Professional standards of conduct of staff members are stated in Articles 100 and 101 of the [Charter of the United Nations](#), the [Staff Regulations and Rules of the United Nations](#), the [FRR](#), and in the [Standards of Conduct for the International Civil Service](#) as adopted by the United Nations. Further, individual staff members, through the oath of office, agrees to regulate their personal conduct “with the interest of the United Nations only in view”. For individual independent contractors, the terms of their contracts shall apply.

Many procurement related principles, such as fairness, integrity, transparency and accountability, are based on the expectations for ethical behavior as set out in the above mentioned documents.

All procurement personnel must maintain an unimpeachable standard of integrity in all business relationships, both inside and outside UNFPA. Ethical conduct shall apply in all dealings with UNFPA personnel, clients, donors, governments, partners and the general public. Procurement

personnel shall never use their authority or office for personal gain and must seek to uphold and enhance the standing of UNFPA.

Given that UNFPA undertakes procurement using public funds entrusted to the organization, it is imperative all procurement activities conform to the highest standards of ethical conduct and all individuals acting on behalf of UNFPA observe the highest standards of ethical conduct throughout the procurement process.

One critical aspect of ethical conduct is the avoidance, declaration and mitigation of conflicts of interest. A conflict of interest occurs, *inter alia*, when a personnel's private interests, such as outside professional relationships or personal financial assets, interfere or appear to interfere with the proper performance of his/her/their professional functions or obligations. Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets, political or other outside activities and affiliations while in the service of UNFPA, employment after separation from UNFPA service or the receipt of a gift or award that may place the procurement personnel in a position of obligation. A conflict of interest also includes the use of UNFPA assets, including human, financial and material assets, or the use of UNFPA office or knowledge gained from official functions for private gain or to prejudice the position of someone the procurement personnel does not favour. A conflict of interest may also arise in situations where the personnel are seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone they favour, to benefit from the personnel's decisions.

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

All procurement personnel are responsible for ensuring any actions taken by them in relation to procurement are ethical and compliant with these Procurement Procedures. They may be held responsible for such compliance and ethical behavior in accordance with these Procurement Procedures, and in the case of staff members, the [Financial Regulations and Rules](#) and the [Staff Regulations and Rules of the United Nations](#), and, further, in the case of individual independent contractors, the terms of their contract.

Ethical conduct is an ongoing process of self-regulation and reflection at every stage of the procurement process. It is not possible to specify in writing everything that UNFPA personnel need to know regarding what is allowed and what is prohibited. Therefore, UNFPA personnel must seek to be guided as much by the spirit of the law, or other written requirement, as by the letter of the law. Procurement personnel must be guided by what the rule is intended to accomplish.

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

### **1.4.2 Financial disclosure and declaration of interest**

UNFPA has adopted a policy on financial disclosure and declaration of interest, which is applicable to certain categories of UNFPA staff members as further described in the [UNFPA Policy on Financial Disclosure and Declaration of Interest](#). UNFPA staff members must comply with the UNFPA Policy on Financial Disclosure and Declaration of Interest which implements Staff Regulations 1.2 (m) and (n) and Staff Rules 1.2 (p) and (q) as reflected in General Assembly resolution 63/271 of 7 April 2009.

Staff Rule 1.2 (q) provides:

“A Staff Member whose personal interests interfere with the performance of his or her official duties and responsibilities or with the integrity, independence and impartiality required by the Staff Member’s status as an international civil servant shall disclose any such actual or possible interest to the head of unit and, except as otherwise authorized by the Secretary-General, formally excuse himself or herself from participating with regard to any involvement in that matter which might give rise to a conflict of interest situation.”

Therefore, staff members with any direct or indirect interest in a procurement action under their consideration that gives rise to a possible conflict must disclose the situation in writing to the head of unit, and refrain from becoming involved in or impacting the procurement process, including its outcome. Staff members and other personnel may seek confidential guidance from the UNFPA Ethics Advisor and/or the Chief, PSB.

### **1.4.3 Ethics in dealing with suppliers**

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

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

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

- 1) During the pre-solicitation phase, no one may allow suppliers access to specific, privileged information on a particular acquisition before such information is available to the business community at large;
- 2) During the solicitation phase, all suppliers must receive identical information. Any clarifications to the solicitation documents must be provided at the same time, in writing, to all suppliers;

- 3) Specifications should be linked to function and to performance as much as possible. Conformance specifications (for an explanation of this term refer to [section 4.2.1](#)) must only be used when necessary. They must not include conditions limiting competition (e.g., branding unless required for standardization purposes) nor be unnecessarily restrictive, as this may discourage competition;
- 4) Individuals having a personal or financial interest, directly or indirectly, in a supplier responding to a solicitation are prohibited from any involvement in the procurement process;
- 5) During the evaluation, the evaluation criteria specified in the solicitation documents must be applied in the same manner for each evaluated offer. Under no circumstances shall new evaluation criteria not mentioned in the solicitation documents be introduced during the evaluation process;
- 6) Personnel shall not solicit or accept, directly or indirectly, any promise of future employment from anyone who has sought or is seeking to obtain UNFPA business;
- 7) Personnel shall not disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information.

#### **1.4.4 Gifts, hospitality and outside activities**

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

Personnel must abide by the [UNFPA policy on Outside Activities and/or Honors, Decorations, Favors, Gifts, Awards, Remuneration from Outside Parties](#) and are prohibited from accepting any gift including drinks, meals, event tickets, hospitality, transportation, or any other form of benefits, even if it is in connection with an official working visit, from any person who would not have made the gift or provided hospitality if the intended recipient had not been working for UNFPA. Accepting gifts is prohibited, regardless of the value and of whether or not the outside source is soliciting business with UNFPA.

Invitations to lunches, dinners, receptions, etc. from governments, donors, or other United Nations organizations are not considered gifts under this definition and may be accepted when such invitations are part of the personnel's official functions.

All items received as gifts from suppliers, even of nominal value, shall be returned to the supplier ([standard letter form](#)) except where this is not economical for UNFPA. In this case, items shall be

disposed of (e.g., auctioned or raffled publicly and the proceeds of sale /raffle donated to charity) and the supplier informed the item was disposed.

Personnel of field offices are not allowed to meet with suppliers of reproductive health or maternal health commodities, or promote their products, as this may give an unfair advantage to suppliers wanting to introduce their products in a country. In case field office personnel deems such meetings necessary relating to the relevant country programme, PSB must be consulted and prior written approval from the Chief, PSB must be obtained.

#### **1.4.5 Proscribed practices by suppliers**

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

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

Allegations of proscribed practices, as defined in the [UNFPA Oversight Policy](#), by suppliers shall be dealt with in accordance with the [UNFPA Policy for Vendor Review and Sanctions](#) and the [UNFPA Policy against Fraudulent and other Proscribed Practices](#).

#### **1.4.6 Fraud prevention in the procurement process**

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

#### **1.5 UNFPA-specific topics**

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



## 2. ORGANIZATION OF PROCUREMENT

### 2.1 Overview of procurement process

#### 2.1.1 Outline of the procurement process

These Procurement Procedures follow and describe the key chronological stages of a typical procurement cycle:

- 1) [Supplier Registration and Management](#): process of maintaining supplier rosters.
- 2) [Procurement Strategy and Planning](#): process of identifying the key procurement strategic actions that will best support the strategic objectives of the organization and defining and quantifying the needs and consolidating procurement plans.
- 3) [Sourcing](#): process of analyzing markets and identifying the suitable suppliers.
- 4) [Solicitation](#): process of inviting the suppliers for making offers to specific goods and services.
- 5) [Management of Submissions](#): process of receiving the offers from the suppliers and opening them satisfying the procedural requirements.
- 6) [Evaluation of Submissions](#): process of evaluating the technical and financial offers of the bidders satisfying the procedural requirements.
- 7) [Procurement Process Review and Decisions](#): process, above certain thresholds, of procurement process review conducted by the independent review committees (CRC/LCRC) in order to clear the processes from compliance perspective and recommend for approval.
- 8) [Awards of contracts](#): process of approving and awarding the contracts to the selected suppliers by the appropriate procurement authority to authorize the issuance of the contract(s) to the awarded supplier(s).
- 9) [Contracting and Contractual Instruments](#): process of establishing the contracts with the awarded suppliers using the appropriate and standard contracting instruments of UNFPA.
- 10) [Logistics](#): process of planning, implementing and controlling the efficient and cost-effective flow and storage of goods from the point of origin until the completion of an activity
- 11) [Contract Management](#): process of ensuring that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible per the conditions of the contracts. Closing the contracts from financial and operational perspectives.

Each task is fully elaborated in subsequent chapters of these procedures.

For clarification or guidance on these procedures, please contact [the respective regional team leads and the PSB procurement focal points assigned for each headquarters and field office business](#)

[unit](#). In addition, the [Standards of Conduct for the International Civil Service](#) apply to procurement personnel.

### 2.1.2 Types of procurement

UNFPA distinguishes between three types of procurement:

- 1) **Local procurement:** local procurement means procurement undertaken by UNFPA field offices. For the purpose of clarity, the term “local procurement” does not mean solicitation exclusively from local suppliers as this would contravene the procurement principle of “international competition;
- 2) **Headquarter procurement:** procurement conducted by PSB using funds managed by field offices and headquarters business units, as well as procurement undertaken by headquarter units;
- 3) **Third Party Procurement:** procurement conducted on behalf of external partners using their own domestic resources.

### 2.1.3 Documentation of the procurement process

Business units must retain all duly filled/signed documents listed below (preferably electronically but also in hard copy when no e-filing system is available), in line with the [Filing Procedure for UNFPA Procurement Projects](#),<sup>8</sup> for a minimum period of seven (7) years. This is required in order to ensure adherence to the procurement principle of transparency and to maintain a proper audit trail. All documents included in the list are discussed in greater detail in subsequent sections:

- Approved requisition;
- Requirement definition (notes, correspondence, communication with requisitioner, justification if brand name is used etc.);
- Sourcing information including justification of procurement method and type of competition;
- Signed short list of suppliers (if applicable);
- Signed solicitation document, including attachments such as specifications/terms of reference (“TOR”) and proof of issuance (copies of cover letters, copies of emails, fax receipts, etc.);
- Amendments to solicitation documents (including procurement authority approval of amendments), and any other clarifications and correspondence with suppliers;
- Copy of bid receipt report;
- Bid opening report;
- All offers received (technical and commercial (financial));
- Copies of any bid security received from the supplier (the originals to be kept in a safe place);
- Evaluation report;

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<sup>8</sup> [Located in the Guidelines section](#)

- Minutes of clarifications (if any) and relevant communication with supplier;
- Request for award, or submission to relevant Local Contract Review Committees (“LCRC”) or the Contracts Review Committee at headquarters (“CRC”);
- Minutes of the LCRC/CRC meetings;
- Original contract/purchase order;
- Copies of advance payment guarantee or performance security (if any) received from the supplier (the originals to be kept in the safe);
- Bid protests;
- Correspondence with supplier;
- Notes from meetings, phone calls etc.;
- Amendments to contracts/purchase orders;
- Any required progress reports and/or other proof of delivery of milestones as provided for in the contract;
- [Receiving and Inspection Report](#);
- [Damaged or Missing Goods Report](#);
- All forms and documents required by the [Policy and Procedures on Management of Programme Supplies](#);
- Certificate of substantial completion;
- Certificate of final completion;
- Insurance claims;
- Proof of payment;
- Supplier evaluation report.

## 2.2 Key responsibilities of the various UNFPA organizational units

The following lists are a summary of key responsibilities. Relevant chapters include full information on the processes themselves.

### Procurement Services Branch (PSB):

- Maintain procurement policies and procedures and issue guidance notes and instructions further elaborating the key concepts of the procurement policies and procedures;
- Develop and maintain procurement related templates and guidance notes and make them available in a structured manner on the PSB portal;
- Maintain a number of procurement related tools and applications for effective procurement operations such as [Order Tracking System](#), [UNFPA Procurement Services website](#), [UNFPA Product Catalog](#), [Procurement Planning Tool](#); [Budget planner](#), [Country profile database](#), [Lead time calculator](#), [Procurement fee calculator](#);
- Provide oversight and advisory services to field offices and headquarters business units, in particular provide procurement advice to specific procurement situations, conduct spot checks to identify procurement compliance gaps and flows, and provide advice accordingly, review and pre-clear solicitation documents equal to or greater than USD 100,000 prior to being issued, review CRC submissions, ensure key activities such as

procurement plans, evaluation of vendor performance, work with United Nations operations management teams to identify and promote joint procurement activities, etc. are performed by field offices;

- Manage the prequalification programme together with WHO on behalf of UNFPA and its partners and ensure that an adequate number of manufacturers are pre-qualified for the supply of commodities covered by the UNFPA managed pre-qualification programme, namely male and female condoms and IUDs;
- Collaborate with other specialized agencies such as WHO to ensure that an adequate number of manufacturers are pre-qualified for supplying other reproductive health commodities that are not covered by the UNFPA managed pre-qualification programme;
- Conduct procurement activities related to contraceptives, medical devices, and pharmaceuticals as well as equipment, supplies and services on behalf of other business units, including arranging shipment to final destination;
- Put LTAs and other contractual instruments in place for core reproductive health commodities (i.e., commodities specific to the mandate of UNFPA), as defined in [the Policy and Procedures on Management of Programme Supplies](#), as well as commodities related to other components of the core mandate of UNFPA such as census, to respond to the needs of the various UNFPA country programmes and of the UNFPA third-party procurement customers;
- Put LTAs and other contractual instruments in place for goods and services procured by the various headquarters business units;
- Manage contracts and engage strategically with key suppliers of reproductive health commodities by regularly providing performance feedback and take action to implement supplier development programmes;
- Provide guidance and coordinate the annual procurement planning process covering all types of procurement and share annual procurement plan information of core reproductive health commodities with the suppliers;
- Issue purchase orders for field offices (UNFPA business unit), TPP customers and headquarters business units (DNK40, USA40, and JPN40) and, through effective management of Atlas requisitions and purchase orders, ensure optimum use and utilization of the financial resources;
- Put in place and maintain a corporate [quality assurance policy](#) for core reproductive health commodities and conduct quality assurance activities for the shipments of core reproductive health commodities;
- Maintain and manage stocks of key strategic products in warehouses at supplier premises for immediate delivery (emergency reproductive health kits and male condoms being the main products kept in stock);
- Provide mandatory pre-clearance to conduct local procurement of other reproductive health commodities (pharmaceutical products, medical devices, medical equipment, in-vitro diagnostics, and lubricants);
- Ensure that adequate United Nations LTA coverage is in place to procure international freight forwarding services covering all geographic regions;

- Arrange adequate insurance coverage through the United Nations global cargo and warehouse insurance for international shipments arranged by PSB and field offices, and for UNFPA inventory held at UNFPA and third party managed warehouses;
- Contribute to the work of the HLCPM-PN to harmonize procurement practice and policies throughout the United Nations to increase collaborative procurement in the United Nations system and guide UNFPA business units in participating harmonized procurement activities;
- Ensure timely payment to suppliers;
- Participate in key corporate projects related to supply chain management.

**All Field offices:**

- Maintain supplier rosters using tools such as UNGM to secure healthy response rates to the solicitation processes conducted locally;
- Support country-specific procurement requirements such as product registration and importation permits and ensure special regulatory requirements are proactively identified and communicated to the relevant business units of UNFPA;
- Submit annual procurement plans, and conduct timely quarterly reviews of the procurement plans;
- Conduct solicitation, both informal and formal, i.e. RFQs, RFPs, ITBs, in accordance with the provisions of the procurement procedures;
- Evaluate bids through appropriately established evaluation committees and strictly in accordance with the evaluation criteria included in the solicitation documents;
- Ensure procurement contracts (contracts for professional services, long term agreements (LTAs), purchase orders) are established after having conducted the mandatory procurement process review and having obtained approval from the appropriate procurement authority;
- Ensure LTAs, both internally established or piggybacked from other UN organisations, are used strictly per the conditions and applicable standard operating procedures (SOPs) of those LTAs;
- Ensure that LTA coverage is in place for frequently procured goods and service paying special attention to critical services such as customs clearance, transportation and security services;
- Manage procurement contracts to ensure that the goods and services are delivered by the contractors according to the conditions of the contracts;
- Complete in a timely manner vendor performance evaluation using the appropriate tools and templates as applicable;
- Manage Atlas requisitions and purchase orders effectively to ensure optimum use of the financial resources;
- Update the [Country profile database](#) at least on a semi-annual basis to ensure that the correct shipping instructions are provided to the suppliers;

- Endure all shipments (international, regional and local) are properly received and inspected in accordance with the provisions of these procedures and using the standard [Receiving and Inspection Report](#);
- Report damaged and missing goods to PSB within two (2) business days of the inspection using the standard [Damaged or Missing Goods Report](#);
- Conduct customs clearance in a timely manner to avoid demurrage and additional port and other charges;
- Update in a timely manner [the order tracking system](#) with the shipping details associated with the international shipments;
- Ensure timely payment of suppliers;
- Maintain complete records of the procurement processes in the procurement files for seven years.

#### **Regional offices:**

- Review annual procurement plans containing reproductive health commodities and humanitarian supplies (by the Regional reproductive health commodity security advisors (RHCS advisor) and Regional humanitarian coordinators);
- Approve all requisitions for the procurement of programme supplies funded by UNFPA Supplies and field office requisitions for the procurement of reproductive health commodities funded by other sources of an amount equal to or exceeding USD 100,000 (Regional RHCS Advisors);
- Review and approve field office humanitarian supplies requisitions (including ERH kits) of an amount equal to or exceeding USD 100,000 (Regional humanitarian advisor);
- Disseminate the guidance notes and instructions issued by PSB to the respective countries of the region and follow up to ensure the correct implementation of the proposed measures (International operations managers).

#### **Headquarter business units (as procurement requesters):**

- Communicate proactively to PSB headquarters specific procurement related matters such as special permit requirements and special regulatory requirements;
- Submit timely annual procurement plans, and ensure a review of the plans is conducted in September of each year;
- Submit to PSB requests for procurement in a timely manner to allow PSB to conduct the solicitation process, through RFQs, RFPs, or ITBs in accordance with the provisions of the procurement procedures;
- Evaluate bids through appropriately established evaluation committees and strictly in accordance with the evaluation criteria included in the solicitation documents;

- Ensure that procurement contracts (contracts for professional services, long term agreements (LTAs)) having a value equal to or greater than the delegation of authority of the head of the unit are not approved by the headquarters business unit;
- Ensure LTAs, both internally established or piggybacked from other UN organisations, are used strictly per the conditions and applicable standard operating procedures (SOPs) of those LTAs;
- Manage procurement contracts to ensure that the goods and services are delivered by the contractors according to the conditions of the contracts;
- Complete in a timely manner vendor performance evaluation using the appropriate tools and templates as applicable;
- Conduct customs clearance in a timely manner to avoid demurrage and additional port and other charges;

**Specialized headquarters business units (except PSB whose responsibilities are separately provided above):**

Commodity security branch:

- Actively participate in the forecasting and annual procurement planning processes by providing technical inputs;
- Review the annual procurement plans under procurement type “UNFPA supplies commodity requests” and issue commodity approvals for the priority countries of the UNFPA supplies programme;
- Conduct a thorough analysis of the country-specific requirements such as product registration and other regulatory requirements before issuing the commodity approval notices mentioned above;
- Enter Atlas requisitions with accurate and appropriate details for supporting the approved commodity requests in a timely manner;
- Make sure the budgets are in place before issuing the Atlas requisitions in consultation with the Non-Core Funds Management Unit.

Humanitarian office

- Support in the identification, development, review and clearance of technical specifications for corporate solicitation exercises for Dignity Kits;
- Review and sign off on the solicitation documents for Dignity Kits;
- Participate as a technical member for the technical evaluation of offers/bids submitted for the acquisition of Dignity Kits;
- Provide technical inputs relating to the products which are included in the Inter-Agency Emergency Reproductive Health Kits (IAERH Kits) resulting from the Inter-Agency Working Group discussions;

- Identify and propose types of products and or alternative products that can be used in humanitarian situations including technical specifications, with the exception of pharmaceuticals and/or medical devices;
- Propose alternative products for the IAERH kits when PSB faces sourcing challenges;
- Review & provide the documentation that should be included in the IAERH Kits;
- Provide information on product changes to be switched out in the IAERH Kits;
- Support in the development, review, and sign-off on the terms of reference for the services to be provided for the IAERH Kits/kitting;
- Support in the development, review, and sign-off on the technical evaluation criteria for the services to be provided on IAERH Kits/kitting services;
- Update and review the IAERH Kits Manual;
- Provide input and quantification on products which are expected to be held in UNFPA stock as additional items;
- Upon request from PSB, review and clear requests for IAERH Kits received from UNFPA country offices and external customers;
- Raise requisitions for IAERH Kits requests funded under the Emergency Fund.

Facilities and Administrative Services Branch (FASB):

- Approve the procurement of official (representation) and project vehicles owned and controlled by UNFPA as further specified in [section 4.7.2.2](#) below;
- Ensure all shipments for headquarters business units properly received and inspected by FASB in accordance with the provisions of these procedures and using the standard [Receiving and Inspection Report](#);
- Report to PSB damaged and missing goods within two (2) business days of the inspection using the standard [Damaged or Missing Goods Report](#);
- Ensure all assets and attractive items as defined in the [Fixed Asset Management Policy](#) are received by the asset management associate of FASB, who also performs the financial receipt in Atlas;
- Provide advice to headquarter and field office business units when preparing the terms of reference for the independent engineering consultant to oversee construction activities;
- Conduct pre-qualification of suppliers for the provision of construction or renovation works for administrative purposes;
- Pre-clear, before they can be issued, the solicitation documents related to constructions and renovation, and to the procurement vehicles regardless of the value of the procurement transaction;
- Review and clear the submissions associated with lease contracts and property disposal before submitting to the CRC.

Finance branch:



- Pre-clear, before they can be issued, all solicitation documents relating to procuring payment services, regardless of the value of the procurement transaction;
- Pre-clear contract awards to payment services providers to ensure they reflect adequate internal control and reporting requirements in line with the applicable policies;
- Review and approve bank guarantees provided by contractors for supporting advance payments;
- Provide technical support to UNFPA business units in assessing the financial solvency and reliability of suppliers and contractors as required at the evaluation of the offers stage, before releasing advance payments to the contractors or terminating contracts due to liquidity-related issues of the contractors.

Information Technology Solutions Office:

- Review and pre-clear the specifications and terms of reference of information and communications technology-related procurements (e.g., computer and electronic equipment and software);
- Pre-clear, before they can be issued, the solicitation documents associated with the procurement of information technology systems and solutions regardless of the value of the procurement transaction.

Office of the Security Coordinator:

- Coordinate the procurement of security-related equipment, maintenance, and replacement, (premises, telecommunication, Personal Protective Equipment (PPE), blast assessment and blast measures and hiring of security guard services);
- Provide consultation to the field offices on any procurement related to security services or works with an estimated value of USD 50,000 or above to decide on matters such as whether the bid shall be published in the public domain or sent only to a short-listed group of suppliers;
- Clear and approve procurement of armored vehicles regardless of the value;
- Pre-clear, before they can be issued, the solicitation documents associated with security-related equipment (including communication equipment), goods and services, regardless of the value of the procurement transaction.

Media and communication branch:

- Pre-clear, before they can be issued, all solicitation documents relating to publications that bear the name and/or logo of UNFPA, regardless of the value of the procurement transaction.

## **2.3 Organization and function of procurement department**

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

## **2.4 Procurement authority**

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

## **2.5 Modification of individual procurement authority**

### **2.5.1 Delegation of procurement authority**

Per UNFPA [Financial Rule 115.1](#), the CPO may further delegate procurement authority to staff members at headquarters and field offices as outlined in Table 1 and 2. Delegation of procurement authority from the CPO falls under the following three categories:

- Delegation of procurement authority to UNFPA officers at headquarters (refer to [section 2.5.2](#));
- Delegation of procurement authority to field office managers (refer to [section 2.5.3](#));
- Delegation of procurement authority under the UNFPA Internal Control Framework (refer to [section 2.5.4](#)).

The thresholds specified in tables 1 and 2 below also include situations of cooperation with United Nations entities as described in sections [14.1.3](#), [14.1.5](#) and [14.1.6](#) of these Procurement Procedures.

### **2.5.2 Delegation of procurement authority to UNFPA officers at headquarters**

The CPO herewith delegates procurement authority to award contracts based on the procurement processes conducted by both headquarters business units and UNFPA field offices to:

- The Chief, PSB;
- Staff members serving in PSB who are appointed in the professional and higher category;
- Staff members serving in headquarters who are appointed in the professional and higher category.

*Table 1: Delegated procurement authority at headquarters<sup>9</sup>*

ACTIVITY	Chief, PSB: up to but not including USD (*)	Professional procurement staff members in PSB: up to but not including USD (*)	Professional staff members in New York headquarters: up to but not including USD (*)
Approve short lists, requests for Expression of Interest (EoI) and for pre-qualification, and solicitation documents (including amendments thereof)	Unlimited	Unlimited	50,000
Award contracts as a result of formal methods of solicitation	200,000	50,000 <sup>10</sup>	10,000
Award contracts as a result of informal methods of solicitation	100,000	50,000	10,000
Award contract amendments	100,000 or up to 20% <sup>11</sup> of contract amount previously	50,000 or up to 20% <sup>12</sup> of contract amount previously	0

<sup>9</sup> Please see [section 1.1.2](#), sub-section “Calculation of financial limits/thresholds”, for the definition of financial thresholds

<sup>10</sup> This threshold for award of contract applies to procurement practitioners in the professional staff category provided that they hold financial approval level 2 or above in Atlas

<sup>11</sup> This is subject to (1) application of the original contract unit prices to the increase of quantity or of scope of work, and (2) the goods for which the quantity is increased, or the services for which the scope is increased remaining identical (i.e., same specifications or same terms of reference).

<sup>12</sup> Same as footnote 11 above

	recommended by a contracts review committee, whichever is less;	recommended by a contracts review committee, whichever is less;	
Ratify retroactive/post facto cases	100,000	50,000	0
Reuse of United Nations entity solicitation results <sup>13</sup> (refer to <a href="#">section 14.1.3</a> )	100,000 (further to informal method of solicitation), 200,000 (further to formal method of solicitation)	50,000	10,000
Procurement from a United Nations entity (refer to <a href="#">section 14.1.5</a> )	Unlimited	50,000	10,000
Outsourcing procurement activities to a United Nations entity (refer to <a href="#">section 14.1.6</a> )	Unlimited	50,000	10,000
Advance payments to the suppliers in the case a proper bank guarantee is not submitted by the supplier	50,000	0	0

(\*) The CPO may decide to increase these amounts, in writing, with respect to individual UNFPA professional staff members at headquarters. Any such increase in the delegation of procurement authority may be revoked at any time, at the sole discretion of the CPO.

<sup>13</sup> Appropriateness and reasonableness of the procurement process conducted by the other UN agency must be checked

### 2.5.3 Delegation of procurement authority to field office managers

The CPO herewith delegates procurement authority to field office managers. The limitations of specific procurement authority so delegated are provided in the table 2.

*Table 2: Delegated procurement authority at field level<sup>14</sup>*

ACTIVITY	Up to but not including USD (*)
Approve short lists, requests for EoI and for pre-qualification, and solicitation documents (including amendments thereof)	Unlimited. Documents related to a solicitation equal to or exceeding USD 100,000 must be pre-cleared by a procurement specialist/associate at PSB or by any other procurement specialist outside PSB appointed by the Chief, PSB and approved by the field office manager
Award contracts as a result of formal methods of solicitation	200,000  (LCRC review required for amounts equal to or exceeding USD 100,000, refer to <a href="#">section 9.4.1</a> )
Award contracts as a result of informal methods of solicitation	100,000  (LCRC review required for amounts equal to or exceeding USD 50,000, refer to <a href="#">section 9.4.1</a> )
Award contract amendments	50,000 or up to 20% <sup>15</sup> of contract amount previously recommended by a contracts review committee; whichever is less;
Approve retroactive/post facto cases	50,000

<sup>14</sup> Please see [section 1.1.2](#), sub-section “Calculation of financial limits/thresholds”, for the definition of financial thresholds

<sup>15</sup> This is subject to (1) application of the original contract unit prices to the increase of quantity or of scope of work, and (2) the goods for which the quantity is increased or services for which the scope is increased remain identical (i.e., same specifications or same terms of reference).

ACTIVITY	Up to but not including USD (*)
Reuse of United Nations entity solicitation results <sup>16</sup>  (refer to <a href="#">section 14.1.3</a> )	100,000 further to informal solicitation method conducted by the UN agency (LCRC review required for amounts equal to or exceeding USD 50,000, refer to <a href="#">section 9.4.1</a> )  200,000 further to formal solicitation method conducted by the UN agency (LCRC review required equal to or exceeding USD 100,000, refer to <a href="#">section 9.4.1</a> )
Procurement from a United Nations entity (refer to <a href="#">section 14.1.5</a> )	Unlimited
Outsourcing to a United Nations entity (refer to <a href="#">section 14.1.6</a> )	Unlimited
Advance payments to the suppliers in case a proper bank guarantee is not submitted by the supplier	50,000

(\*) The CPO may decide to increase these amounts, in writing, with respect to individual field office managers. Any such increase in the delegation of procurement authority may be revoked at any time, at the sole discretion of the CPO.

The CPO herewith authorizes field office managers to further sub-delegate their procurement authority to individual staff members serving under their authority, subject to the following:

- 1) Sub-delegation of authority may solely extend to such procurement authority the field office manager is delegated under this paragraph. It may not exceed such procurement authority;
- 2) Sub-delegation of authority must be made in writing by using the [Delegation of Authority form](#);
- 3) Sub-delegation of authority is to be made to the individual staff member concerned. It must not be made to a class of staff members (e.g., to “all staff members at level NO-B in the country office”; to “all admin/finance officers in the country office”).

<sup>16</sup> Appropriateness and reasonableness of the procurement process conducted by the other UN agency must be checked mainly for ensuring that the general procurement principles are adequately respected.

### **2.5.4 Delegation of procurement authority under the terms of the UNFPA Internal Control Framework (“ICF”)**

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

### **2.5.5 Withdrawal of delegation of procurement authority**

The CPO reserves the right to withdraw any procurement authority delegated under sections [2.5.2](#) to 3.

## **2.6 UNFPA-specific topics**

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

### 3. SUPPLIER REGISTRATION AND MANAGEMENT

In order to enhance the efficiency and transparency of UNFPA procurement actions, a roster of potential suppliers may be kept by procurement personnel in order to facilitate the identification of qualified suppliers to be invited to compete. It is recommended to use a request for Expression of interest for establishing rosters of potential suppliers (refer to [section 5.3.2](#) Request for expression of interest (“REoI”)).

UNFPA office can use the [United Nations Global Market Place](#) (UNGM) and local databases to capture data on local and international suppliers.

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

Suppliers registered in UNGM are not pre-qualified UNFPA suppliers but rather suppliers that meet a number of minimum requirements in order to do business with UNFPA.

#### 3.1 Supplier registration

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

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

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

When a supplier expresses an interest in doing business with UNFPA when registering with UNGM, PSB reviews the firm’s supplier information for completeness and relevance. Although suppliers applying to be registered with UNGM on the UNGM procurement portal must meet a number of mandatory eligibility criteria, it still remains the responsibility of the relevant



procurement personnel to conduct separately a proper and thorough assessment of supplier qualification as part of any bid evaluation process.

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

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

In order to maximize economy and efficiency, UNFPA will continually strive to identify new technically and financially sound suppliers. In particular, UNFPA shall actively work to increase its sources of supply from developing countries, and from rapidly growing emerging markets. The UNCTAD definition of developing countries (refer [www.unctad.org](http://www.unctad.org)) should be used for this purpose. These activities shall not contravene the procurement principle of international effective competition.

## **3.2 Supplier management**

### **3.2.1 Supplier appraisal**

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

### **3.2.2 Contractor evaluation**

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

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

### 3.3 Vendor ineligibility

Suppliers falling in any of the following categories are ineligible for the award of UNFPA business as further described below:

- 1) Vendors suspended or removed by United Nations Organisations and listed in the [UNGM Ineligible Vendor List tool](#):  
UNFPA subscribes to the suspended or removed vendor list of the United Nations Organisations. Suppliers suspended or removed by United Nations Organisations and listed in the UNGM Ineligible Vendor List Tool are ineligible to do business with UNFPA. The Chief, PSB may authorize, in writing, an exception in any particular case. The exception will apply solely to the case at hand and does not reinstate a suspended or removed supplier for cases other than the case at issue.
- 2) Ineligibility list, as defined in the [UNFPA Policy for Vendor Review and Sanctions](#):  
Vendors appearing on the ineligibility list, as defined in the UNFPA Policy for Vendor Review and Sanctions, are ineligible for doing business with UNFPA. However, the Chief, PSB may request an exception from the UNFPA vendor review committee (“VRC”) in accordance with the UNFPA Policy for Vendor Review and Sanctions.
- 3) Sanctions and interim suspension imposed by the CPO in accordance with the [UNFPA Policy for Vendor Review and Sanctions](#). Procurement personnel shall adhere to interim suspension or vendor sanctions, imposed by the CPO in accordance with the UNFPA Policy for Vendor Review and Sanctions.
- 4) Ineligibility lists established by the United Nations Security Council resolutions:  
UNFPA adheres to debarment decisions made by the relevant United Nations Security Council resolutions. The [Consolidated Ineligibility List](#) includes all individuals and entities subject to measures imposed by the Security Council. The inclusion of all names on one Consolidated List is to facilitate the implementation of the measures. Each sanctions committee established by the United Nations Security Council publishes the names of individuals and entities listed in relation to that committee as well as information concerning the specific measures that apply to each listed name. A Security Council Committee manages the sanctions regime.

For comments and questions concerning all sanctions lists, including the United Nations Consolidated List, kindly contact the Secretariat via: [sc-sanctionslists@un.org](mailto:sc-sanctionslists@un.org).

In the event that it is identified that an entity might be listed in the list published by the 1267/1989/2253 Committee (ISIL (Da'esh) Al-Qaida and associated individuals groups undertakings and entities), such information must be checked and validated. The following procedure must be followed:

- The procurement unit should approach the 1267/1989/2253 Committee (SC-1267-Committee@un.org) and share all information related to the suspected entity;
- The 1267/1989/2253 Committee will check with the relevant member state whether the entity under investigation indeed appears on the ISIL (Da'esh) & Al-Qaida Sanctions List;
- Until a final confirmation has been received, no order should be issued to the entity under investigation as no exceptions are permitted for entities included on the ISIL (Da'esh) & Al-Qaida Sanctions List.

5) World Bank listing of ineligible Vendors:

This applies to all procurement situations regardless of whether or not the funds are provided by the [International Development Association](#) or the [International Bank for Reconstruction and Development](#).

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

Procurement personnel must ensure that no entity falling into the above categories (i) is invited to apply for UNFPA business or (ii) is granted an award. Please refer to the [UNGM Ineligible Vendor List tool](#), which allows users to search for a company by name and determine if they are included on any of these lists.

### 3.4 UNFPA-specific topics

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

## 4. PROCUREMENT STRATEGY AND PLANNING

### 4.1 Procurement strategy

In the procurement context, the fulfilment of the strategic plan, mission and mandate of UNFPA requires the efficient, effective and timely provision of goods, services and works, making procurement a strategic function essential to delivering value and results. UNFPA typically spends approximately 35% of its total expenditure on goods and services contracts, i.e. expenditures challenged through the procurement function. An organizational procurement strategy, aligned with the strategic objectives of UNFPA and well integrated into programme design at the country office and the regional and HQ levels, helps achieve better development outcomes by providing significant savings and timely delivery of goods and services. In other words, it allows to capitalize on the value-adding potential of the procurement function.

For more information on key on-going and forthcoming strategic procurement and supply chain management activities, please contact PSB.

Please also refer to chapter 4 of the United Nations [Procurement Practitioner Handbook](#) for further details.

Procurement planning is defined as the process of assessing and projecting the procurement needs of the organization and its programmes in order to determine a strategic approach to procurement activities. This is a key element for successful implementation of programmes/projects. Therefore, each business unit is required to complete an annual procurement plan and monitor it on a quarterly basis.

The first steps in planning include requirements needs assessment, requirement definition, cost estimations, budget availability and requisitioning, as explained in this section.

### 4.2 Requirements definition

The first step in any procurement planning process is to determine what the unit needs are and then define the requirements and cost estimations needed to meet that need. Once the unit defines its needs, the programme (for programme related procurement) and operations (for administrative procurement) personnel responsible for the implementation of the associated programme and administrative activities translates these needs into *specifications* for goods and well-defined *terms of references* for services.

The procurement focal point coordinates the collection of defined requirements from the programme and operations personnel and incorporates them into the business unit's procurement plan according to the timelines in [section 4.3.3](#). These requirements will subsequently be included in the requisitions.

It is essential requirements are clear, concise and flexible (generic) and all supporting information is as detailed as possible in order to avoid receipt of inappropriate equipment, supplies or services, and to enable suppliers to compete fairly.

During the requirements definition stage, the responsible programme and operations personnel must clearly define and communicate to the procurement focal point any requirement considered critical for the evaluation of offers. The procurement focal point must take action to incorporate such critical requirements into the solicitation documents, after vetting them, to ensure they conform to the general procurement principles (e.g., the requirements that will unduly favor a given supplier must not be included in the solicitation documents). Any disagreements which arise between the requesting programme and operations and the procurement focal point must be rectified by the operations manager, the head of unit or escalated to the PSB country, regional or headquarter focal point.

The person defining the requirements should refer to the following sources when preparing procurement documents and plans and subsequent requisitions, particularly regarding price and cost estimation:

- [UNFPA Product Catalog](#) (including all products covered by LTAs);
- UNFPA PSB (regional teams as well as the [LumApps PSB Community page](#));
- [UNICEF Supply Catalogue](#);
- UNHCR for emergencies;
- [World Health Organization \(“WHO”\) International Pharmacopoeia and List of Essential Medicines](#);
- [UNOPS catalogue](#) (vehicles and office equipment);
- Other sources within the United Nations system (such as HCLM Procurement Network, other procurement practitioners, etc.); and
- Internet and other forms of market research to make informed decisions on budget requirements and the type of procurement to be used (i.e. procurement process conducted by the country office or channeled through PSB) (refer to [section 5.2](#) Market research).

Where country offices require guidance on defining requirements, particularly related to specifications and quality standard requirements, including product and country-specific requirements (e.g., product registration and requirements for obtaining special permits), the responsible programme and operations personnel should first consult national partners (i.e., Ministry of Health, non-government organizations and any non-for-profit organizations). UNFPA can also consult stakeholders outside of the country and/or commercial entities for determining the specifications and quality standards as long as such involvements will not lead to any conflict of interest situations.

Once completed, all requirements should be reviewed by the head of unit and if applicable RHCS advisors and the humanitarian coordinators at the procurement planning stage (refer to [Procurement plan review and approval section of the Policy and Procedures on Management of Programme Supplies](#)).

Requirements related to information technology, publications bearing the UNFPA logo, security-related, construction or renovation (and any other category where validation is wanted/needed) may require additional validation or review. Therefore, the responsible programme and operations personnel should contact the PSB focal point, the regional office, FASB, UNFPA Information Technology Solutions Office (ITSO), Policy and Strategy Division (PSD), UNFPA Technical Division, Division for Communication Services, as appropriate, for advice.

If the requesting unit still requires further clarify the technical nature of the requirement, PSB will refer the responsible programme and operations personnel to an external expert.

Any supplier (or any legal entity which owns or is owned by the supplier) who provide guidance to UNFPA during the requirements definitions phase (i.e., the preparation of the design, specifications, and/or other documents to be used for the particular procurement of the goods and/or services) is automatically considered to have a conflict of interest and will not be allowed to participate in any procurement exercise for which the relevant requirements are used.

Further details on the procurement planning process can be found in chapter 5 of the United Nations [Procurement Practitioner Handbook](#).

#### 4.2.1 Specifications

- Used typically for the procurement of goods, but also for well-defined services.
- Definition: Description of what the purchaser wants to buy and, consequently, what the supplier is required to provide.
- Types of needs that can be included in the specification:
  - Functional specifications (defining what the goods are required to do).
  - Performance specifications (defining the output of the goods).
  - Conformance (technical) specifications (defining the physical characteristics and dimensions of the goods).
- If generic specifications are not available, available specifications and the words “or equivalent and equivalent in performance” must be included in the solicitation documents. Otherwise, the requisitioner must provide justification in writing in the procurement file when a brand or model is essential.

Refer to [Guidelines on Writing Specifications for Goods](#) for further guidance.

#### 4.2.2 Terms of reference (“ToR”)

- Used primarily for procurement of services;
- Definition: ToR define the work required of a supplier to provide the solicited services;
- ToR can also be used for goods when the requirement cannot be quantitatively defined;
- ToR include:

- Background for requesting the service;
- Objective and scope of the service and overall impact;
- Expected output from service;
- Activities required to reach this output;
- Inputs provided by UNFPA and the suppliers, which are required to perform activities;
- Deliverables (such as reports);
- Timing;
- Constraints;
- Key performance indicators.

Please refer to [section 4.7.1](#) for goods and services requiring headquarters authorization. The procurement personnel must ensure that the required reviews and approvals are obtained from the relevant headquarter business units before proceeding to the next steps within the procurement processes.

For further guidance, refer to Guide to creating Terms of Reference (“[Writing Terms of Reference](#)”)

### 4.3 Acquisition planning

#### 4.3.1 Annual procurement plans

Although the requirement definition phase is an ongoing process, each unit should undertake an extensive exercise in the last 2 quarters of the calendar year to inform a procurement plan for the following year.

The procurement focal point for each office is required to a) enter the procurement plan into the [Procurement Planning Tool](#) (for field offices) and the [Headquarter Procurement Plan template](#) (for headquarter units); b) take action to implement the plans systematically throughout the year; and c) undertake a quarterly (field offices) or annual (for headquarters) review, as explained in this section. The head of unit is responsible for the final validation and approval of procurement plans and their updates.

The procurement plan includes primarily of the following information:

- Type of procurement:
  - UNFPA Supplies commodity requests undertaken by PSB;
  - PSB programme and administrative procurement (other than UNFPA supplies)
  - Local Procurement; and
  - Third party procurement (TPP) undertaken by PSB
- Items to be procured and quantities;
- Cost estimations;
- Probability of funding.

Mandatory procurement planning has many benefits for all stakeholders. Benefits include:

- Benefits for field offices/headquarters business units/other UNFPA partners:
  - Allows receipt of items when they are needed as it allows requisitions and purchase orders to be issued in a timely manner to factor in all lead-time components (including time for production, sampling and testing and freight);
  - Reduces overall lead times, and possibly of prices, by informing suppliers of the upcoming demand ahead of time and helping them plan their production;
  - Facilitates coordination with other partners donating contraceptives at country as well as at headquarters level;
  - Coordinates and organizes procurement requirements for different programmes /units of the office.
  
- Benefits for management:
  - Facilitates planning of human resources requirements for implementation of the plan (from requisition and purchase order issuance to monitoring, receipt, customs clearance and hand-over);
  - Monitors the status of planned requirements versus what has been requested, ordered and shipped at different points in time, i.e., provides a plan against which the implementation can be monitored;
  - Identifies “peak times” (such as year-end closure) when more or larger orders will be requested;
  - Provides ability to pre-empt and proactively address, in a timely manner, issues such as unavailability of items, lack of supplier capacity, special permit requirements, post shipment testing requirements, etc. by being able to have a dialog with field offices at an early stage.
  
- Procurement benefits:
  - Better requirements definition, increased probability to receive solid offers and, subsequently, increased competition;
  - Mitigates risk of redundancy, reduced transaction costs and competitive prices due to consolidation of procurement actions and volume effect;
  - Reduces lead times and delays due to the ability to perform procurement activities in advance and proactively;
  - Provides efficiency in the use of resources by avoiding last minute actions.
  
- Benefits for suppliers:
  - Allows suppliers with which UNFPA has signed LTAs to better plan their production and thus possibly reduce their lead times and/or prices in the long run;
  - Provides ability to make business decisions, such as keeping items in stock for free, thanks to the increased visibility;
  - Less firefighting.
  
- Benefits for the organization:



- Prevents non-compliance with regulations, rules and procedures, for example due to oversights or lack of time;
- Facilitate resource mobilization;
- Reduces findings of OAI or the Board of Auditors: Reduced risks of violating financial limits or threshold established in these Procurement Procedures.

#### **4.3.2 Summary of the procurement planning process**

Each year in October, PSB requests units to complete their annual procurement plan for the upcoming year and provides advice and guidance to offices on their plans. The development of the annual plan for field offices and headquarters differ as explained below:

##### **Procurement Planning for Field Offices:**

The procurement plan for field offices distinguishes between 4 different types of procurement:

- UNFPA Supplies commodity requests undertaken by PSB;
- Programme and administrative procurement (other than UNFPA supplies) undertaken by PSB;
- Local Procurement; and
- Third party procurement (TPP) undertaken by PSB.

The following steps guide the procurement plan process for field offices (excluding TPP):

Step 1: Once the field office completes its initial requirements, the programme and operational personnel consult with partners to identify and quantify the procurement needs of the country/regional office.

For the procurement of reproductive health commodities, the programme officer collects and carefully reviews the following documents to inform the items and quantities to be included in the procurement plan:

- a) National Supply Plan to cover the commodity needs for the whole public sector including NGOs, based on needs assessment and national quantification exercises conducted with the involvement and contributions of all partners
- b) Distribution Plan to have a clear picture of the geographical areas where the products will be distributed
- c) Consumption rates of commodities
- d) Current stock in country and orders in the pipeline

The procurement plan for reproductive health commodities should be an extract of the national supply plan, zooming in on the portion UNFPA has committed to supply in line with the scope of its programmes.

Step 2: The responsible programme (for programme, including humanitarian, related procurement) and operations (for administrative procurement) personnel responsible for the implementation of the associated programme or administrative activities submit the [Field Office procurement request form](#) to the procurement focal point for inclusion in the procurement plan. The form must be submitted well in advance of the procurement plan deadline established by PSB.

For all procurement related to reproductive health commodities, the reproductive health commodity specialist (RHCS), where available, plays an active role in all aspects of procurement planning. Similarly, humanitarian coordinators also play an active role in all matters relating to humanitarian procurement planning.

For local procurement, procurement requirements equal to or greater than USD 5,000 must be included as a minimum.

Step 3: The procurement focal point consolidates all procurement requests received and enters them into the online [Procurement Planning Tool](#) under the relevant key procurement type (refer definition in Table 3) before the deadline communicated by PSB in the annual message.

Step 4: For procurement plans with any reproductive health commodities or humanitarian supplies only: Regional RHCS and humanitarian coordinators, where available, must clear any reproductive health commodities and humanitarian procurement in the procurement plan (refer Procurement Planning and Approval section of the [Policy and Procedures on Management of Programme Supplies](#)). RHCS should, in particular review reproductive health commodity requests from both the UNFPA supplies and PSB procurement sections of the plan to ensure they are comprehensive and there is no overlap in requests. The humanitarian coordinator must similarly clear the humanitarian component of the plan. Any local procurement using a headquarters managed funding source may be subject to clearances by the budget holder. The budget holder must communicate any such clearances to the field office.

Step 5: The head of unit reviews and clears the procurement plan, prior to the deadline established by PSB. The procurement focal point downloads the procurement plan and presents it to the head of unit for review and approval. The procurement plan should only be finalized on the online [Procurement Planning Tool](#) by the procurement focal point after receiving the approval from the head of unit in writing.

Step 6: For UNFPA supplies only: once the deadline is reached, the Commodity Security Branch (CSB) downloads, reviews and approves all procurement plans from UNFPA Supplies priority countries associated with reproductive health. CSB provides feedback and communicates its approval/disapproval via email to the respective countries, with a copy to PSB.

Step 7: The budget owner raises Atlas requisitions.

Step 8: The CO monitors and revises the procurement plan, as needed.

On a quarterly basis, PSB will send a notice to all field offices requesting the procurement focal points and the International Operations Managers/ Operations Managers to conduct quarterly

reviews of the procurement plan covering all procurement types by the designated deadlines as stipulated in table 4 in order to:

- a) Update the procurement plans aligning them with programme requirements and priorities and available resources;
- b) Quantify the procurement requirements of the business units that should be implemented within the next three months;
- c) Update the status of the items requisitioned in the last three months.

Any updates to the procurement plan related to reproductive health commodities or humanitarian supplies must follow the clearance and approval process outlined above.

### **Third Party Procurement (TPP) Planning:**

Step 1: The procurement focal point consolidates all TPP requests received and enters them into the online [Procurement Planning Tool](#).

Step 2: PSB reviews the procurement plan and requests the TPP partners to submit requests for Pro-Forma invoice.

Step 3: PSB issues Cost estimates and/or Pro-Forma invoices after receiving requests for Pro-Forma invoices from the TPP partners.

Step 4: The TPP partners review and accept the Pro-Forma invoices and transfer funds to UNFPA.

Step 5: PSB places purchase orders with the suppliers after receiving the signed Pro-Forma invoices and the funds from the TPP partners.

TPP partners can reach PSB directly with their requests for Pro-forma invoices, and in such situations, it is not a requirement to include the requests in the procurement plans. Further details on the TPP process can be found [here](#).

### **Procurement Planning for Headquarter Business Units:**

The following steps guide the procurement plan process for headquarters:

Step 1: The headquarter technical/programme or operations personnel completes and submits a [Headquarter Procurement Plan template](#) to the business unit's procurement focal point well in advance of the 31 January procurement plan deadline. Only goods and services equal to or greater than USD 10,000 need to be included in the template.

Step 2: The unit procurement focal point consolidates all requests received and submits the consolidated plan to the head of unit for clearance.

Step 3: The unit procurement focal point submits the cleared [Headquarter Procurement Plan](#) to the headquarter procurement team at PSB before 31 January of the year covered by the plan.

Step 4: The budget owner raises Atlas requisitions.

Step 5: The procurement focal points for all business units review the procurement plan in September.

Table 3: Summary of the procurement planning process

Type of procurement per the procurement planning tool	Goods/services that must be included and the funding source	Eligible business units for specific procurement type	Submission deadline	Implementation methodology
UNFPA Supplies commodity requests undertaken by PSB	All commodity requests funded by “UNFPA Supplies” programme	Field offices eligible to receive commodity support under UNFPA Supplies programme	Per detailed instructions issued by PSB every October/ November	<ul style="list-style-type: none"> <li>• Head of unit approves procurement plan</li> <li>• CSB reviews the procurement plans and issues the commodity approval notices</li> <li>• CSB raises requisition</li> <li>• PSB performs actual procurement and arranges shipments</li> </ul>
PSB programme and administrative procurement ( <i>other than UNFPA Supplies</i> )	All procurement requests funded from co-financing agreements (except for those funded by UNFPA Supplies programme), core-funds managed by field offices, or special funds entrusted to field offices such as CERF and	All Field offices that expect to channel specific procurement requests through PSB	Per detailed instructions issued by PSB every October/ November	<ul style="list-style-type: none"> <li>• Plans containing reproductive health commodities /humanitarian supplies reviewed and cleared by regional RHCS advisors/regional humanitarian coordinators and approved by the head of unit</li> <li>• Business unit raises requisition based on initial procurement</li> </ul>

Type of procurement per the procurement planning tool	Goods/services that must be included and the funding source	Eligible business units for specific procurement type	Submission deadline	Implementation methodology
	<p>expected to be channeled through PSB; e.g., contraceptives, pharmaceuticals, medical devices, medical and non-medical kits, security equipment, information and communication technology (“ICT”) equipment/supplies, any other programme or administrative procurement requirements</p>			<p>plan and subsequent quarterly reviews</p> <ul style="list-style-type: none"> <li>• PSB performs actual procurement and arranges shipments after receiving approved and valid requisitions from field offices</li> </ul>

Type of procurement per the procurement planning tool	Goods/services that must be included and the funding source	Eligible business units for specific procurement type	Submission deadline	Implementation methodology
Third party procurement (TPP) undertaken by PSB	All procurement requests relating to TPP activities as defined in these Procurement Procedures, i.e., activities for which there is no “direct” programme component and funded by the resources owned by the client/partner.	All field offices that expect TPP procurement requests	Per detailed instructions issued by PSB every October/ November.	Please refer to <a href="#">section 14.2</a> .
Local procurement. undertaken by field offices	Procurement requirements managed by the field offices for goods and services. For local procurement, it is recommended to include <i>all</i> procurement requirements, however, procurement below the	All field offices	Per detailed instructions issued by PSB every October/ November.	<ul style="list-style-type: none"> <li>• Plans containing humanitarian supplies reviewed and cleared by regional humanitarian coordinators and approved by the head of unit</li> <li>• Business unit sends approved and valid requisitions to the procurement unit of the respective office</li> </ul>

Type of procurement per the procurement planning tool	Goods/services that must be included and the funding source	Eligible business units for specific procurement type	Submission deadline	Implementation methodology
	value of USD 5,000 is not required			<ul style="list-style-type: none"> <li>• Procurement unit of the office performs the actual procurement and arrangement of shipments after receiving approved and valid requisitions</li> </ul>
Headquarters procurement undertaken by PSB (on behalf of headquarters divisions and branches)	Procurement requests from headquarters units with an expected financial expenditure surpassing USD 10,000	All headquarter business units	Per detailed instructions issued by PSB every October/ November	<ul style="list-style-type: none"> <li>• Headquarter budget owner raises requisition based on the procurement plan submitted by 31 January of the year and any revisions made in early September</li> <li>• Headquarter procurement team at PSB performs the actual procurement and arrangement of contacts and delivery after receiving approved and valid requisitions</li> </ul>



### 4.3.3 Timelines of the procurement planning and implementation process for field offices

This table explains the specific tasks to be performed by the field office procurement focal point (in consultation with the relevant programme personnel) in regards to procurement planning, conducting quarterly reviews, updating the [procurement plans](#) and monitoring the implementation status of the procurement plans.

Table 4: Timelines of the procurement planning and implementation process

Timeline per each calendar year	Tasks to be performed by field offices' procurement focal points in consultation with the relevant programme and operations staff	Remarks
June to December previous year	Field offices, in consultation with relevant local partners, conduct the quantification process and enter the first estimated procurement plans covering both goods and services.	The responsible programme and operations personnel must use the <a href="#">Field Office procurement request form</a> to submit their procurement requests to the procurement focal point. It is the responsibility of the procurement focal point to consolidate the procurement requests received from different programme and operations personnel and enter them in the procurement planning tool before the deadline.
From 1 January to 15 March	1 <sup>st</sup> review of the procurement plan for aligning the procurement plans with the work plans of the relevant field offices and identify and quantify the procurement requirements of the next three months.	Atlas requisitions are entered during this period although the main focus of the field offices should be to review their programme and administrative procurement requirements for the next three months. Field offices should prioritize the goods and services with long delivery lead times such as pharmaceutical, medical equipment/devices and non-catalog items* at this stage.

Timeline per each calendar year	Tasks to be performed by field offices' procurement focal points in consultation with the relevant programme and operations staff	Remarks
From 16 March to 15 April	Raising Atlas Requisitions for the items identified through the 1st review of the procurement plan.	Right after entering Atlas requisition, the procurement focal points should change the status of the respective lines of the procurement plan into 'requisition raised'. Further, the requisition number should be reflected in the comments section (This should be done directly in the <a href="#">procurement planning tool</a> ).
From 15 April to 31 May	2 <sup>nd</sup> reviews of the procurement plan to align it with the programme and administrative requirements of the field office and to identify and quantify the procurement requirements of the next three months.	Procurement focal points should receive a minimum number of Atlas requisitions during this period as the main focus of the field offices should be to review their programme and administrative procurement requirements for the next three months. Field offices should prioritize the goods and services with long delivery lead time such as pharmaceutical, medical equipment/devices and non-catalog items at this stage.
From 1 June to 30 June	Raising Atlas requisitions for the items identified through the 2 <sup>nd</sup> review of the procurement plans.	Right after entering Atlas requisition, the relevant procurement focal points should change the status of the respective lines of the procurement plan into 'requisition raised'. Further, the requisition number should be reflected in the "comments section". (This should be done directly in the <a href="#">procurement planning tool</a> ).

Timeline per each calendar year	Tasks to be performed by field offices' procurement focal points in consultation with the relevant programme and operations staff	Remarks
		Enter requisitions for goods and services with long lead times such as pharmaceuticals and medical equipment/devices and non-catalog items by 30 June of the relevant calendar year, especially if the field office is expecting the delivery of those items within the same calendar year.
From 1 July to 31 August	3 <sup>rd</sup> review of the procurement plan to align it with the programme and administrative requirements of the field office and to identify and quantify the procurement requirements for next 3 months.	Field offices are expected to conduct a thorough review of their procurement plans at this stage as the process moves to the second part of the year. The requirements that would not be captured in the procurement plans at this round of review should be considered as late requests and might not be processed (especially if the delivery is expected within the same year).
1 September to 30 September	Raising Atlas requisitions for the items identified through the 3 <sup>rd</sup> review of the procurement plan.	Right after entering Atlas requisition, the procurement focal points should change the status of the respective lines of the procurement plan into 'requisition raised'. Further, the requisition number should be reflected in the comments column.

Timeline per each calendar year	Tasks to be performed by field offices' procurement focal points in consultation with the relevant programme and operations staff	Remarks
From 1 October to 31 October	4 <sup>th</sup> and final review of the procurement plans for aligning it with the programme and administrative requirements. Requisitions should also be entered on or before 31 October. This review should also be used for preparing the procurement plans for the following calendar year.	Entering Atlas requisitions during this period especially expecting the delivery of items within current year should be done in consultation with the respective procurement focal point. The requisitions received by the procurement focal points during this period will be considered as extremely late requests resulted due to poor planning and might not be processed (except the requisitions coming under emergency procurement).
From 1 November to 31 December	No additions/amendments should be made to procurement plans of the current year during this period. At the same time, new Atlas requisitions should not be accepted by procurement focal points during this period. Procurement focal points should accept new Atlas requisitions during this period only if they are coming under following categories: 1) Emergency procurement (the countries FTP is activated) 2) Shipments are expected in the	The priorities of the procurement focal points during this period should be the following: <ul style="list-style-type: none"> <li>- Following up on already placed purchase orders/shipments</li> <li>- Financial receipts and expediting the payments to the suppliers</li> <li>- Working on year-end account closure requirements</li> </ul>

Timeline per each calendar year	Tasks to be performed by field offices' procurement focal points in consultation with the relevant programme and operations staff	Remarks
	following year and the budgets are valid at least until 30 June of the following year.	

\*Note:

Non-catalog items will be procured only (1) if cleared by the technical specialist at PSB from UNFPA mandate perspective and (2) if resources available to conduct a proper procurement process. Please refer to the relevant paragraph of the [Policy and Procedures on Management of Programme Supplies](#) for the procurement of pharmaceutical products and medical equipment requested outside of the UNFPA/UNICEF catalog.

The procurement focal points are expected to take action on procurement requests based on the first come first served basis (emergency related requests should receive the appropriate prioritization).

## 4.4 Requisitions

A requisition serves as the official procurement request and reserves the budget. The programme/operational personnel are expected to raise the requisition based on items included in the procurement plan. The requisition (raised in accordance with the guidance note [Creating a Requisition](#)), includes all necessary information, including but not limited to, specifications, quality standards, product registration requirement of the country, special permits that should be obtained from the authorities, etc. to proceed to sourcing and solicitation. Please refer to [section 4.4.2](#) for a list of information to be included in the requisition.

The requesting unit should raise a requisition prior to proceeding to sourcing and solicitation. However, it is possible to move forward without a complete requisition if delivery and programme implementation require it.

Procurement personnel are permitted to initiate the procurement processes without having received a funded and complete requisition if such action is mandated by the requirement of efficiently addressing the delivery and project implementation requirements.

All requests for procurement of goods and/or services equal to and above USD 5,000 (USD 10,000 for headquarters business units and regional offices) requires the requesting unit to raise a requisition in Atlas and subsequently issue a purchase order.

Regardless of value, the following items always require the requesting unit to raise a requisition and issue a purchase order:

- 1) any items considered “assets”, including “attractive items” (refer to [UNFPA Policy and Procedures for Fixed Asset Management](#));
- 2) any items considered “programme supplies” as defined in the Policy and Procedures on Management of Programme Supplies (refer to [Policy and Procedures on Management of Programme Supplies](#));
- 3) procurement of travel services (please refer to the [UNFPA Travel Policy](#) for further details);
- 4) when a department authorizes another department to use its chart of accounts (COA) is authorized to be used from another Department;
- 5) goods and/or services of any value when the procurement is channeled through PSB, including the purchase of goods and/or services subject to an LTA.

A requisition is not required in the following situations (rather, a “non-PO voucher” is used):

- 1) goods and/or services below USD 5,000 (USD 10,000 for headquarters business units and regional offices (except the instances mentioned above)
- 2) services whose amount cannot be reliably estimated at the time of the request (for example mobile phone, utilities services), and for which lead time between request and payment is short

Third party procurement services undertaken by PSB never require a requisition. However, TPP requests do require the creation of a bill in the Atlas billing module before issuing a purchase order to the relevant supplier.

#### 4.4.1 Lead times

Lead-time, as used in these procedures, is defined as the time between the date the procurement focal point receives a defined, quantified and funded procurement request from the programme or operations personnel and the date the goods or services are delivered. More information about lead-time components and lead times for specific goods/services covered by Long Term Agreements (LTAs) can be accessed [here](#). The use of the [PSB Lead Time Calculator](#) provides useful lead-time information for items included in the [UNFPA Product Catalog](#). The lead-time for the goods and services that are not covered by existing LTAs might vary depending on the complexity and the volume of the procurement as the associated sourcing and solicitation process might take additional time.

#### 4.4.2 Entry

##### Step 1: Raise Requisition

The programme/operation personnel responsible for implementing activities associated with the procurement (requisitioner) raises a requisition in the ERP system under the respective local purchase order business unit when they conduct the procurement processes locally. Field offices must enter requisitions under “UNFPA” purchase order business unit, and the New-York headquarter business units must enter requisitions under “USA40” purchase order business unit for obtaining procurement services from PSB. Ideally, the requisitioner should enter it as early as possible to allow the procurement focal point sufficient time to complete all procurement requirements.

**As a minimum**, the requesting unit should raise a requisition as follows:

- a) two weeks prior to the sourcing of the relevant purchase order for LTA items;
- b) one month before the expected date of establishing the contract/ issuing the purchase order for non-LTA items that should go through an informal method of solicitation; and
- c) three months before the expected date of establishing the contract/ issuing the purchase order for non-LTA items that should go through a formal method of solicitation.

The production, pre-shipment inspection and testing as applicable, and delivery (transportation and other lead times associated with functions such as customs clearance, post-shipment inspection and testing as applicable) lead-times start to count from the date of establishing the contract/ issuing the purchase order.

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

- 1) The correct business unit (requisitions sourced to purchase orders in the host country are entered into the local business unit; requisitions sourced to purchase orders by PSB or requisitions for LTA items maintained by PSB are entered into the UNFPA business unit);
- 2) The chart of accounts is correct and contains sufficient funds to cover the cost of the subsequent purchase order for a sufficient length of time, to ensure receipt in Atlas before funding expires;
- 3) The correct Atlas item ID from e-procurement (where applicable);
- 4) The correct Atlas category ID for non-Item IDs (The choice of correct Atlas item category ID is also important from the financial management perspective, as each item category has a default account code that determines where to charge the goods or services. Thus, choosing the correct item category will ensure the correct charging of expenses, from the nature of the account perspective);
- 5) Items that should be treated as assets for UNFPA use per UNFPA's [Policy and Procedures for Fixed Asset Management](#) should be identified as to be capitalized by adding information to the asset information tab;
- 6) Adequate technical specifications:
  - a) For supplies and equipment: the detailed description of the goods to be supplied (including quality standard, language, printing, artwork, installation, training, service, etc.), quantity, conditions and time of delivery, exact consignee address and contact details, and amount and terms of payment; shipping marks, labelling requirements, installation, training, service, support, and any other special instructions are indicated in the requisition line or header comments; required maintenance or warranty period relating to the work required. (Note: Most of this information is already available for all items included in UNFPA Product Catalog and it defaults into Atlas when you select the corresponding Item-ID from the e-procurement Atlas catalog). Please also note the specific requirements in the [Policy and Procedure on Management of Programme Supplies](#); Refer to [Guidelines for making specifications](#) for guidance on drafting technical specifications
  - b) For services: the nature of the services, period/dates to be covered, conditions to be fulfilled, amount and terms of payment; qualifications, special skills, or requirements selected contractors must demonstrate; Refer to Guide to creating Terms of Reference ("[Writing Terms of Reference](#)") for guidance on drafting specifications of the services.
- 7) Any requirement for advanced or partial payments known at the time when the requisition is raised;
- 8) The due date of the requisition must be determined paying attention to the lead time of the process. The lead time of the process should be calculated considering bidding, order processing, production, testing, and delivery time following the [lead time calculator](#) (for UNFPA catalog items);
- 9) Prior headquarters clearance has been obtained if required (refer next section);
- 10) For urgent requisitions, the requisitioner must provide justification to process the request as a priority; and



- 11) The procurement focal point(s) of the business unit is correctly designated at the Requisition stage;
- 12) Customs clearance (refer to [section 12.5.7](#)) or import requirements (i.e., import or product certificates or product registrations required).

#### **4.4.3 Approval**

##### Step 2: Obtain necessary clearances and approvals

Requisitions related to certain types of goods and/or services may require pre-authorization. Please refer to [section 4.7.1](#) for a detailed list.

Regional RHCS Advisors must approve all requisitions for the procurement of programme supplies funded by UNFPA Supplies, as well as field office requisitions for the procurement of reproductive health commodities, including for humanitarian purposes funded from other sources for amounts of USD 100,000 or more. (refer to [Policy and Procedures on Management of Programme Supplies](#) for details).

Regional humanitarian coordinators must approve requisitions for humanitarian supplies (including ERH kit) having an amount of USD 100,000 or more (refer to [Policy and Procedures on Management of Programme Supplies](#) for details).

##### Step 3: Budget owner approves requisition

Approval of requisitions and purchase orders must follow the UNFPA's [ICF](#), which defines the framework applied to creating and approval of requisitions and purchase orders and other activities related to the payment process. Per the ICF, no single individual can undertake more than one of the following actions: approve requisition, approve purchase order and issue payment.

Only those budget owners holding the appropriate authority, as provided for in [Policy for Atlas User Profiles and Directory Application](#), can approve a requisition.

Prior to approving, the approving officer must ensure the requested goods and/or services are in line with UNFPA's mandate, the country programme or global/regional intervention and the approved workplans or the institutional budget; proposed expenditures are charged to the appropriate and correct chart of accounts; and all necessary pre-approvals are obtained.

The approving officer must also ensure the requisition contains all necessary information and has sufficient funds for a sufficient length of time to cover the cost of the subsequent purchase order.

##### Step 4: Budget check the requisition

The budget owner must budget check the requisition in the system

##### Step 5: Begin sourcing and solicitation process

Once approved and budget checked, the requisition is considered approved and valid. It will be routed to the relevant procurement focal point for further action. Sourcing and solicitation begins, if it hasn't already.

*Note:*

Whenever it is possible a requisition issued by a single requesting unit is subject to cost fluctuations e.g., freight, sampling and testing, changed packaging requirements, unit price rate etc, it is possible to source a purchase order up to a maximum amount of USD 5,000 or 20 per cent above the total requisition value (whichever is less). If the fluctuation exceeds the limits specified above, the requesting unit should raise a new requisition in the ERP system for the additional amount. In no circumstances can the procuring unit use this tolerance to procure any other goods and/or services that haven't been included in the requisition, nor can it be used to increase the quantity of the goods and/or services included in the requisition. If a change in quantity or goods and/or services to be procured, the requisitioner must raise and have the budget owner approve, a new requisition.

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

#### **4.5 Standardization**

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

#### **4.6 Funding requirements**

The budget owner is responsible for allocating adequate funding for procurement activities included in the annual procurement plans. The budget owners should take action to raise requisitions at the beginning of the procurement and solicitation processes in order to pre-encumber funds (based on estimated budgets) for the planned procurement activities.

#### **4.7 UNFPA-specific topics**

##### **4.7.1 Goods and services requiring headquarters authorization for procurement**

Requests for procurement of the following commodities and equipment require the prior authorization of the related headquarters division/branch (shown below) to ensure appropriateness and compatibility and to minimize the risk of duplication. The relevant procurement focal point

obtains relevant authorization prior to approving a requisition in Atlas containing any of these items:

- Other reproductive health commodities - pharmaceutical products, medical devices, medical equipment, in-vitro diagnostics and lubricants (PSB). Refer to [section 4.7.2.1](#) for further guidance;
- Vehicles (FASB): Purchase of official (representation) and project vehicles owned and controlled by UNFPA must follow these Procurement Procedures as further specified in [section 4.7.2.2](#) below;
- Information and communications technology related procurements (e.g., computer and electronic equipment and software) should be reviewed and precleared by ITSO;
- Security related equipment, maintenance and replacement, (premises, telecommunication, PPE, blast assessment and blast measures and hiring of security guard services) requires to be coordinated through the Office of the Security Coordinator);
- Publications that will bear the name and/or logo of UNFPA (MCB);
- Procurement of payment service providers (Finance branch).

#### 4.7.2 Requirements regarding specific needs

##### *4.7.2.1 Other reproductive health commodities, pharmaceuticals and medical devices, medical equipment, in vitro diagnostic products and lubricants (not covered by UNFPA LTAs)*

Items covered by LTAs with UNFPA suppliers have already undergone Technical Division review; when possible, business units should use items in the [UNFPA Product Catalog](#) to procure from reliable suppliers that produce at international quality levels.

When procuring pharmaceuticals, in vitro diagnostic products, lubricants, medical devices and equipment not available in the [UNFPA Product Catalog](#), offices must consider the following before initiating a bid solicitation:

- 1) The product must fall within UNFPA's mandate (refer [Interagency list of medical devices for essential interventions for Reproductive, Maternal, Newborn and Child Health](#)) and align with UNFPA's strategic plan;
- 2) If there are similar LTA products that can fulfil the same purpose as the proposed product (i.e., there is no need to buy outside of the catalog), then the product shall be procured from the [UNFPA Product Catalog](#);
- 3) If the products being considered are covered by valid LTAs with another United Nations agency (WHO, UNICEF), such UN LTA items should be procured.

PSB can authorize procurement personnel to conduct a procurement exercise for pharmaceuticals, medical devices, diagnostic products (IVDs) or lubricants when neither alternate UNFPA LTA products nor WHO or UNICEF LTA products are available in procurement catalogs. The relevant PSB regional team lead will authorize the procurement (based on the PSB quality assurance lead approval) under UNFPA implementation, provided that: the field office submitted, and PSB approved, the request for a [non-catalog/non-LTA RH commodity form](#). The purpose of this process is both to a) ensure all non-LTA requests are tracked and captured as this facilitates

development of generic technical specifications with various procurement and quality aspects covered, and b) ensure procured commodities are in alignment with UNFPA's mandate and the Strategic Plan.

There are two scenarios for the procurement of other reproductive health commodities not covered by UNFPA LTAs:

1) Procurement processes undertaken by PSB:

By default, PSB will conduct the procurement process provided that the requesting office is fully aware that a decision to procure non-LTA commodities would typically lead to:

- a) the requesting office to arrange for and fund the hiring of technical expert(s) to write technical specifications and help with technical bid evaluation; and
- b) the requesting office to prepare for and accommodate to extended lead times as PSB would not be procuring "off the shelf"/standard products.

2) Procurement processes undertaken locally under direct programme (UNFPA) implementation:

The PSB unit/quality assurance lead and the respective PSB regional team lead may alternatively authorize the UNFPA field offices to procure the requested non-catalog/non-LTA RH commodities provided that:

- 1) Authorizing field offices to conduct the procurement process may increase the operational and delivery efficiency and this will be taken into consideration before PSB provides authorization for local procurement;
- 2) The field office manager will be held accountable for the entire procurement process including ensuring that the right procurement method has been used, approval from the appropriate procurement authority has been obtained, quality of products meet UNFPA quality assurance policy standards and for the consequences of improper or unfit for purpose items being supplied;
- 3) the requesting office to arrange for and fund the hiring of technical expert(s) from the established global LTAs to write technical specifications and perform the technical bid evaluation.

*Note:*

A non-LTA/non-UNFPA Product Catalog tool package is available from the [LumApps PSB Community page](#).

Commodities excluded from the above 4.7.2.1

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

- Medical attire including bed linen;
- Anatomical models.

When procurement of any of these non-medical device category items (except for personal protective equipment e.g., Ebola attire) is conducted, the following applies:

- Pre-shipment inspection of sample items is recommended.

- Post-shipment inspection by field office is mandatory (refer to sections [12.5.1](#) and [12.5.2](#)).
- For medical attire including bed linen, PSB must be consulted prior to local procurement being initiated as there are special requirements to be aware of on textiles used for linen.

#### **4.7.2.2 Procurement of Vehicles**

UNFPA field offices are encouraged to procure vehicles, including procurement of armored vehicles, through valid agreements of United Nations of which UNFPA is authorized to piggy back on, such as those available via the [UNOPS' UN Web Buy Plus platform](#), the [UNGM portal](#), or directly from other United Nations organizations.<sup>17</sup>

Instructions for using UNOPS' UN Web Buy Plus can be found [here](#).

For more information on other available United Nations LTAs for vehicles, field offices business units should contact their respective PSB focal point.

When a requisition is ready to be converted into a purchase order, PSB will approve the purchase order in Atlas. This is because purchase orders must be created in POBU=UNFPA when the procurement of vehicles is conducted under United Nations LTAs. It is the responsibility of the relevant UNFPA field office manager to ensure selection of the vehicle brand and model is based on field realities and are properly justified in a written document.

In the event, the field office cannot find suitable vehicle options through UNOPS or a valid United Nations LTA, or if the prices are not deemed competitive, the field office may decide to conduct a procurement process after consulting and obtaining clearance from PSB. The Chief, Office of the Security Coordinator must pre-clear the local procurement of Armored Vehicles.

The approach to the procurement of vehicle differs depending on the procurement value:

- If the total amount estimated to be spent on vehicles per transaction is below USD 100,000 (USD 200,000 when procuring armored vehicles):  
It is only necessary to collect one quotation from UNOPS or a United Nations LTA; however, UNFPA field offices and headquarters business units are encouraged to obtain comparative quotes from UNOPS or United Nations LTA holders.
- If the total amount estimated to be spent on vehicles per transaction is equal to or above USD 100,000 (USD 200,000 when procuring armored vehicles), the UNFPA field office shall collect at least three (3) quotations from:
  - [UNOPS' United Nations Web Buy Plus](#) and / or
  - Suppliers holding a valid United Nations LTA of which UNFPA is authorized to piggy-back on

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<sup>17</sup> Please see "Procurement of Armored Vehicles" under Special Considerations

The UNFPA field office shall select the lowest priced vehicle available that meets all requirements and is within the same vehicle category. The field office should summarize and compare the quotations collected using the standard template ([Comparison of quotations - Vehicle Procurement](#)). If a UNFPA field office does not select the lowest priced vehicle, a justification must be provided in the quotation summary document prepared by the field office. Such justification may include standardization purposes and availability of after sales service.

The UNFPA field office manager is accountable for the accuracy and relevance of the justification provided. PSB and the relevant field office will keep the information on file for audit trail purposes, and will share it with OASIS or the United Nations Board of Auditors upon request. If the landed unit price difference between the lowest price option and the option selected by the field office is not more than 20 per cent or USD 10,000 (whichever is less), the region team leads at PSB shall review and decide whether to approve the request. In case the aforementioned financial limits are exceeded, the Chief, PSB's approval must be obtained prior to issuance of the relevant purchase order.

Please note the special considerations on Procurement of vehicles from stock below apply.

### **Special considerations:**

- Procurement of Armored Vehicles:

Armored vehicles facilitate the safety and security of personnel in high risk duty stations, therefore, the procurement of armored vehicles must be given high priority by all parties involved in the process from the time the need for an armored vehicle is identified.

Field offices can only procure armored vehicles with the explicit approval by the Chief, Office of the Security Coordinator (OSC).

Field offices must follow the following steps to procure armored vehicles:

- a) The head of the respective field office in consultation with the humanitarian coordinator shall officially request the approval of the Chief of OSC for the procurement of armored vehicles.
- b) Once the approval is granted by the Chief of OSC, OSC will provide technical specifications of the armored vehicles to the field office.
- c) The field office will finalize and submit a requisition based on the technical specifications provided by OSC and the lowest compliant quote obtained through the UN Web buy (UNOPS) or other armored vehicle providers holding a valid United Nations LTA (subject to the quotation requirements mentioned above under different values of the procurement).
- d) In support of the requisition, the respective UNFPA field office will submit to PSB:
  - OSC's technical endorsement/approval.
  - Confirmation that funds are available and valid throughout the procurement period. For any requests after the month of October, the requesting business unit

must request OSC to indicate funds will be available irrespective of whether the armored vehicle is delivered in the current or the following calendar year.

- e) PSB will upon receipt of the requisition and supporting documents prioritize the armored Vehicle procurement to the extent possible in order to ensure it reaches the country office as quickly as possible.

- Procurement of vehicles from stock:

Procurement of vehicles from stock are only permitted in the following situations, considering that they are usually more costly than ex-factory vehicles:

- 1) UNFPA CPO has approved FTP activation.
- 2) To fulfil legitimate programme needs/donor demands, which are not caused by poor planning (budget owner/requester should justify the request by recording information such as the date of signature of the work plans, the date of fund receipt, the project completion date). The Regional Procurement Team Lead at PSB will review the assessment and decide whether procurement of vehicle from stock is justified.
- 3) If the stock vehicle alternative does not exceed 10per cent or up to a maximum of USD 5,000 (whichever is less) of the landed unit price; i.e., cost of the vehicle plus freight (the rationale being that this amount corresponds to the premium the organization is willing to pay for faster delivery).
- 4) If, as a result of a bidding exercise, the stock vehicle alternative is the lowest price option.
- 5) If there is an urgent need for vehicles due to a deteriorating security situation in the country confirmed by the Chief, OSC.

When none of these conditions apply, the purchase of stock vehicles requires special approval from the Chief, PSB (and from the Chief, OSC for armored vehicles).

- Procurement of vehicles owned and controlled by UNFPA:

The purchase of vehicles that will be owned and controlled by UNFPA follows the above but requires additional endorsement from FASB and the Regional offices as follows:

- 1) Representational vehicles - FASB must endorse the procurement of Representational vehicles per the provisions made in the Vehicle Management Policy.
- 2) Programme and other office vehicles - the relevant Regional Office must endorse the procurement of Programme and other office vehicles per the provisions made in the Vehicle Management Policy. (refer to [Vehicle Management Policy and Procedures](#) for additional information.

- Additional general conditions for vehicle procurement:

- o Standard vehicle colors are white or dark blue.

- All vehicles purchased by UNFPA shall have a valid warranty and after-sales service available in the country where they are going to be utilized.

#### **4.7.2.3 Stationery and office supplies**

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

#### **4.7.2.4 Security in field offices and headquarters business units**

Field offices and headquarters business units are recommended to consult with the Office of the Security Coordinator on any procurement related to security services or works with an estimated value of USD 50,000 or above. This to obtain advice on whether the bid shall be published in the public domain, e.g., UNGM, local newspaper, etc., or sent to a limited, short-listed group of suppliers, e.g., UNDSS or United Nations pre-qualified suppliers.



## 5. SOURCING

### 5.1 Sourcing of suppliers

Sourcing is a pre-solicitation process used to identify suitable suppliers and provides valuable information about products and specification. It also plays a key role in determining the method of solicitation and type of competition to be used in the solicitation stage.

### 5.2 Market research

Because knowledge about the market is a fundamental step in a successful procurement process. The first step in the sourcing process is market research, particularly if an office has not previously procured the product or service. Country offices must conduct a market assessment every time a new country programme is approved, taking into account the products and services to be procured.

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

- [UNGM](#);
- Advertisement of business opportunity (refer to [section 5.3.1](#));
- Request for expression of interest (refer to [section 5.3.2](#));
- Request for information (refer to [section 5.4](#));
- Pre-qualification of suppliers (refer to [section 5.5](#));
- External sources:
  - Internet (e.g., Kompass [available through [UNGM](#)], the [DACON](#) [Data on Consultants – maintained jointly by the World Bank and other Regional Development Banks], regional trade directories and country and product specific directories, etc.);
  - Other relevant United Nations agencies, funds and programmes;
  - Commercial/specialized journals and magazines;
  - Beneficiary governments, end users, clients;
  - Specialized fora (business seminars, supplier catalogs, professional journals, etc.).  
Note: UNFPA fully adheres to the business seminar policy (available on [UNGM](#)) endorsed by the HLCPM Procurement Network.
- Internal sources:
  - Supplier database (e.g., a database of potential suppliers established by an office);
  - Former vendors that have a proven satisfactory record (use online tool to record vendor performance evaluation);
  - Previous short lists within the same field;
  - Communities of practice, e.g., Operations Community ([operations.community@unfpa.org](mailto:operations.community@unfpa.org));
  - PSB.

### 5.3 Advertisement

Advertisement is the process of making the supplier community aware of an actual or potential business opportunity with UNFPA. It is an important step in satisfying the procurement principles

of transparency and effective international competition. Advertisement can serve the following purposes:

- Seeking offers further to the issuance of an open solicitation,
- Identifying potential suppliers to invite to a subsequent limited solicitation,
- Seeking information about available products, technologies, or services that will be used
- Developing specifications or terms of reference to ultimately be included in a solicitation or
- Conducting a supplier pre-qualification exercise in order to establish a list of qualified suppliers who will be invited to future solicitations

### **5.3.1 Advertisement of business opportunity**

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

### **5.3.2 Request for expression of interest (“REoI”)**

In limited formal methods of solicitation, an REoI advertises a procurement opportunity with the objective of establishing a short list of suppliers who will subsequently be invited to participate in a formal bidding process. It is an effective method to search for suitable suppliers when unknown.

The REoI must be posted on UNGM as a minimum requirement, but other local media can be considered and used as appropriate. At least two weeks should be allowed for suppliers to express interest, though the posting time should be commensurate with the complexity of the procurement.

An REoI provides general information on the requirements for goods or services, against which suppliers express interest by submitting company information and details demonstrating technical experience and qualifications in provision of the relevant goods or services. No financial information is collected at this stage. The technical information provided is assessed against predetermined criteria published in the REoI, and suppliers are considered for inclusion in a subsequent bid process.

Note that this method does not apply to situations where UNFPA may only engage with suppliers who have been pre-qualified by other United Nations entities (such as certain reproductive health commodities falling under the WHO pre-qualification scheme). In that case please refer to [section 5.5](#) below referring to specific pre-qualification requirements.

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

- 1) The widest possible geographic representation must be achieved;
- 2) Due consideration must be given to:
  - a) Suppliers from developing countries and new emerging markets (as defined by [UNCTAD](#));

- b) Suppliers who have designed and implemented effective environmental management systems (such as adhering to the ISO 14000 standards);
  - c) Women owned businesses. Refer [guidance](#) developed by UN Women.
- 3) Supplier's technical capacity to execute a contract satisfactorily: it should be assessed against the nature of the requested needs.

The short list (list of invitees) [form](#) shall be used to create short lists. As a minimum and if possible, five independent suppliers should be short-listed for procurement values greater than USD 50,000 in order to have a good probability to obtain three responsive offers (as this defines effective competition). A short list should never contain less than three independent suppliers except under monopolistic markets. The short list has to be approved and signed by the person having the relevant delegation of authority, please refer to sections [2.5.2 Delegation of procurement authority to UNFPA officers at headquarters](#), and [2.5.3 Delegation of procurement authority to field office managers](#).

A short list is usually linked to a specific procurement process. If the intention is to use the short list for multiple procurement processes, this should be clearly stated in the REoI. As a rule, a short list should not be used for a period greater than 12 months to ensure transparency and effective competition. Rather, a new REoI should be undertaken after 12 months.

#### **5.4 Request for information (“RfI”)**

The purpose of an RfI is to acquire knowledge of the current market of a particular good or service and to gather information in a structured and comparable way.

The RfI requests the players in an industry to provide information about available products, technologies, services, qualifications, and experience. The business unit can use the findings of an RfI to write specifications and effective solicitation documents.

A business unit can advertise a RfI using similar media as for the REoI.

Unlike the REoI, A RfI, does not constitute an advertisement of a procurement opportunity. It is merely a tool to gather information.

#### **5.5 Pre-qualification of suppliers**

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

Only the following units can conduct a procurement process to pre-qualify suppliers: a) PSB for specific reproductive health commodities that fall under the UNFPA/WHO pre-qualification programme; b) FASB for the selection of suppliers for provision of construction or renovation

works for administrative purposes (as opposed to programme purposes); and c) OSC for the selection of suppliers for security related goods and services.

Any business units wanting to conduct a pre-qualification exercise must submit a written request to the Chief, PSB for approval. Requesting unit must include sound justification and valid reasons in their request.

Whenever a pre-qualification process has been undertaken for a specific procurement activity, all suppliers meeting the pre-qualification criteria shall be short-listed.

Since UNFPA manages the pre-qualification programme for condoms and copper IUD jointly with WHO, and this programme is key to UNFPA, the highlights of this programme are outlined below:

- To ensure manufacturers of condoms (male and female) and IUDs maintain the highest quality standards, PSB performs pre-qualifications for these commodities, under guidelines and standards established, as applicable, by WHO;
- Following application to the pre-qualification scheme, manufacturers of male and female condoms and IUDs provide documents related to manufacturing capabilities, product technical and specification standards;
- Manufacturers with adequate documentation undergo inspection of the manufacturing premises and quality testing of samples by an internationally-accredited laboratory;
- Manufacturers with products that pass the inspection and quality tests are pre-qualified. The list of UNFPA's pre-qualified manufacturers and more information about the pre-qualification programme is available on the [LumApps PSB Community page](#);
- Only the pre-qualified manufacturers whose names appearing in the respective list of UNFPA's pre-qualified manufacturers are permitted to participate in the limited international bidding processes conducted by UNFPA to establish the Long Term Agreements (LTAs) for procuring condoms and IUDs.

## 5.6 UNFPA-specific topics

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

## 6. SOLICITATION

### 6.1 Overview

Solicitation is the step in the procurement process where the procurement focal point(s) invite suppliers to submit offers.

Ideally, solicitation begins once the requesting unit raises a requisition. However, solicitation can take place prior to, or parallel with the raising of a requisition.

How one goes about soliciting offers depends on whether there is an existing LTA and/or financial thresholds.

Where a business unit can meet its procurement needs through the use of an existing UNFPA or a United Nations LTA, the business unit can draw upon the LTA and does not need to solicit any offers, unless the LTA requires it to do so. Please refer to sections [6.3.3](#) and [11.4](#) for more information on LTAs.

If a business unit cannot meet its procurement needs through an existing LTA, it begins a solicitation process as competition is the most recommended and appropriate way to achieve the principles of best value of money, transparency and effective competition (refer to [section 6.2](#)).

For *all* non-LTA procurement requests equal to or exceeding USD 100,000, the budget owner, (i.e. the relevant programme or operations personnel responsible for implementing the associated programme or administrative activity) must complete [the Needs and Responsibility Assessment Form](#). The budget owner must submit the form, together with the specifications or terms of reference, to the procurement focal point well in advance of carrying out the relevant procurement exercise. Please note, when a business unit is procuring multiple items over \$100,000 using the same COA and same business owner, the business unit can combine them on one need assessment form. Otherwise, the form must accompany each transaction.

Financial thresholds determine the type of competition and the solicitation method used. Solicitation methods can be either formal or informal as described in [section 6.3](#) and summarized in the table below:

Solicitation method	Threshold	Type of solicitation	Type of competition
Informal	Field Offices except Regional Offices: below USD 5,000	Shopping	n/a
	Regional Offices and Headquarters business units: below USD 10,000		
	Field Offices except Regional Offices: equal or	Request for quotation	May decide to extend to open

	above USD 5,000 and below USD 100,000		or limited international competition whenever the local supply market is deemed limited or weak
	Regional Offices and Headquarters business units: below: equal or above USD 10,000 and below USD 100,000		
Formal	USD 100,000 and above	Invitation to Bid	Open or limited international
		Request for Proposal	

Refer to table 5 for a comprehensive summary of all methods of solicitation with key information.

## 6.2 Types of competition

There are two types of competitions: open international competition where the procurement activity is widely advertised, and limited competition where the requesting unit invites selected suppliers to apply for a procurement opportunity.

The purpose of competition is to secure value for money. For procurement of a value equal to or greater than USD 100,000 the requesting unit must publish any procurement opportunity on UNGM (with the exception of secondary bidding against existing LTAs, refer to [section 6.2.2](#), and with the exception of specific situations outlined in [section 6.8](#)), so all potential suppliers are made aware of business opportunities and are given equal access and opportunity to compete.

It is highly recommended the requesting unit publish any procurement opportunity on UNGM where there is even a slightest chance the contract value may equal or exceed USD 100,000. This is because if the value exceeds USD 100,000 and it was not posted on UNGM, the entire competitive bidding process (i.e., tendering exercise) may be voided and the unit may need to begin the solicitation process again.

In certain cases where it is perceived the tender exercise would only be of interest to local suppliers, or for procurement values equal to or greater than USD 100,000 the tender must be advertised in local media or websites, in addition to publishing on UNGM. If a given business unit would fail to adhere with this requirement, the reasons as to why tenders of a procurement value equal to or greater than USD 100,000 have not been advertised in local media or websites must be kept on file and presented to the process review committees and the procurement authority as applicable. This may include: local media not available due to security or emergency situations, budget not available to cover the cost of advertising, etc.

A UNFPA office may decide to advertise solicitations below USD 100,000 on UNGM or to share them with pre-identified supplier lists in order to increase competition. This is particularly useful whenever the local supply market is deemed limited or weak and local competition is therefore unlikely to result in value for money.

### **6.2.1 Open international competition**

Open international competition is the default method of competition as it best satisfies the principles of best value for money, transparency and effective competition.

Under open competition, requesting units must advertise and distribute procurement opportunities (and any amendment thereof) as widely as possible in order to maximize the number of responses. Requesting units can advertise on specialized websites, in specialized magazines, etc., in addition to the mandatory requirement to publish on the [UNGM](#). Publishing on UNGM is quick and at no cost to UNFPA.

If rosters of qualified suppliers are already in place, it is advisable to notify these suppliers directly and simultaneously of the publication of the tender on the UNGM. This can be done by sending them the required link via a courtesy email. This serves to encourage their participation in the tender. If the requesting office issues an amendment to the solicitation document, a courtesy email with a shared link to the amendment on the UNGM must be sent simultaneously and privately (i.e., in blind copy) to all suppliers who have expressed their intention to bid with. The requesting unit must maintain a list of all suppliers directly contacted in the procurement file and must be included in any subsequent submission to the applicable procurement review committee or to the relevant procurement authority.

Local suppliers do not need to be registered on UNGM in order to submit a bid and participate in a tender process.

### **6.2.2 Limited competition**

Limited international competition allows the participation of selected suppliers that meet specific qualification requirements to participate in a tender process.

Limited competition can be;

- Local: if only national suppliers are included in the shortlist;
- International: if suppliers other than national suppliers are also included in the shortlist.

In UNFPA, this methodology may only be pursued:

- 1) When an informal method of solicitation through an RFQ process will be issued as the value of the procurement is less than USD 100,000;

- 2) When an REoI has been issued openly (and published on UNGM as a minimum) and a short-listing exercise has been subsequently undertaken, as the value of the procurement is equal to or greater than USD 100,000; (refer to [section 5.3.2, Request for expression of interest](#) (“REoI”))
- 3) When pre-qualification has been identified as the most suitable procurement strategy and an open pre-qualification exercise was undertaken (refer to [section 5.5, Pre-qualification of suppliers](#))
- 4) When a secondary bidding exercise is conducted against an established LTA (refer to [section 6.3.3](#))

Please refer to [section 5, Sourcing](#), for further information.

### 6.3 Solicitation methods

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

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

There are two methods of solicitations: informal and formal.

Business units must use either the informal or formal method of solicitation and the corresponding template (for RFQs, ITBs and RFPs) according to the monetary values indicated below:

- 1) Informal methods of solicitation (under USD 100,000):
  - a) Shopping (under USD 5,000, USD 10,000 for headquarters business units and regional offices): – No template;
  - b) [Request for Quotations](#) (RFQ); USD 5,000 and above (USD 10,000 for headquarters business units and regional offices) and below USD 100,000.
- 2) Formal methods of solicitation (USD 100,000 and above):
  - a) [Invitation to Bid](#) (ITB);
  - b) [Request for Proposal](#) (RFP).

Solicitation for certain procurement transactions require the requesting unit to seek pre-clearance of solicitation documents prior to issuing. Please refer to [section 6.6.1](#) for more information.

Using the standard UNFPA templates for conducting RFPs, ITBs and RFQs is a mandatory requirement.



### **6.3.1 Informal methods of solicitation (under USD 100,000):**

#### ***6.3.1.1 Shopping (under USD 5,000, under USD 10,000 for headquarters business units and regional offices)***

Procurement under USD 5,000 for country offices (USD 10,000 for headquarters and regional offices) is subject to shopping. Under shopping, the procurement focal point obtains prices orally or in writing. When given orally, the procurement focal point must write the quotation down and place it in the procurement file. The requesting unit undertakes price research by informal, pragmatic and reasonable means, such as telephone calls, internet and/or shop/site visits. Although multiple quotes is best, there are no minimum requirements under shopping.

#### ***6.3.1.2 Request for quotations (RFQ) (USD 5,000 (USD 10,000 for headquarters business units and regional offices) and below USD 100,000)***

Procurement of USD 5,000 and above for country offices (USD 10,000 for headquarters and regional offices) and below USD 100,000 is conducted using the mandatory RFQ template. UNFPA uses three different [RFQ templates](#) as follows:

- 1) [RFQ template for non-LTA Goods](#) - template to be used for informal solicitation with Non LTA holders for procurement of goods, where the proposed evaluation and award will be to the lowest priced bidder whose bid has been determined to be substantially compliant with the bidding documents. One envelop system is used for receiving the quotations (financial and technical information is submitted in one envelop/ email);
- 2) [RFQ template for simple services](#) - template to be used for informal solicitation with Non LTA holders for non-complex services, where the proposed evaluation and award will be to the lowest-priced most technically acceptable offer. One envelop system is used for receiving the quotations;
- 3) [RFQ template for complex services](#) - template to be used for informal solicitation with Non LTA holders for complex services, where the proposed evaluation will be based on a combined score (Technical + Financial) and the award be given to the Bidder(s) that obtain the highest total score. Two envelop system is recommended for receiving the quotations (technical and financial submissions are received in two separate envelops/ emails).

#### **Operational steps of conducting a RFQ:**

- The designated procurement focal point(s) should conduct all RFQs processes of the business unit. The RFQs must be issued with unique and sequential identification numbers. The RFQ numbers must be derived from the [RFQ log](#) of the business unit. RFQs must be issued using the appropriate and standard RFQ template;
- At least five suppliers must be invited to submit a quotation with the intention to obtain at least three quotations;

Should it not be possible to invite five suppliers, or should the solicitation exercise not result in obtaining three quotations, the requesting unit must put in writing and file a record explaining this.

The procurement focal points of all business units must produce a short list of potential suppliers before issuing a RFQ with estimated value of USD 50,000 or above in consultation with the relevant programme and operations personnel. The standard [short list form](#) shall be used to create short lists. The personnel holding the delegated procurement authority must review and sign the short list. Please refer to [sections 2.5.2 Delegation of procurement authority to UNFPA officers at headquarters](#), and [2.5.3 Delegation of procurement authority to field office managers](#). The RFQ of USD 50,000 or above must be shared with the suppliers listed in the approved shortlist.

- A deadline for receiving quotations must be specified in the RFQ. As a minimum, the solicitation must remain open as follows: three days for very standardized requirements (e.g., for freight quotes against existing United Nations LTAs); two weeks for complex requirements; and one week for all others.

The justification for a reduced solicitation time must be provided when seeking approval from the officer holding procurement authority to issue the solicitation, and the same must be kept on file for audit purposes. The offers must be received in writing.

- Quotations must be received in a secure way if the value of the RFQ is equal to or exceeds: (refer to [section 7.1.2](#)):
  - a) Procurement undertaken by field offices except the regional offices - USD 5,000;
  - b) Procurement undertaken by regional offices - USD 10,000;
  - c) Headquarters business units (PSB managed procurement) - USD 50,000.
- A formal bid opening process must be conducted for recording the quotations using the designated [bid opening report template for one-envelope or the two-envelope](#) if the RFQ value is equal to or exceeds (refer to sections [7.4.4](#) and [7.4.5](#)):
  - a) Procurement undertaken by field offices except the regional offices - USD 5,000;
  - b) Procurement undertaken by regional offices - USD 10,000;
  - c) Headquarters business units (PSB managed procurement) - USD 50,000.
- The quotations received in response to RFQs of USD 50,000 or above must be evaluated by a formal bid evaluation panel (this is applicable to all UNFPA business units). (refer to [section 8.2](#)).
- The procurement focal point must prepare and submit the request for contract award using the [standard template](#) to the relevant procurement authority (refer to [section 9.1.1](#)). Request for contract award must be reviewed and approved by the relevant procurement authority before a contract can be issued. RFQs above USD 50,000 conducted by country office must be reviewed by LCRC before the contract is awarded by the procurement authority (refer to [section 2.5.1](#)).

### **6.3.2 Formal methods of solicitation (USD 100,000 and above)**

An Invitation to Bid (ITB) and a Request for Proposal (RFP) are the two formal methods of solicitation used for procurement processes equal to or above USD 100,000.

Both ITBs and RFPs are subject to open or limited competition; meaning they must, at minimum, be published on UNGM or sent as a notification to a group of pre-qualified or potential suppliers identified in an REoI process. The requesting unit must use the respective [ITB](#) or [RFP](#) template.

The designated procurement focal point(s) should conduct all RFPs/ ITBs of the business unit. RFPs/ ITBs must be issued with unique and sequential identification numbers derived from the [BID log](#) of the business unit.

#### **6.3.2.1. Invitation to bid**

ITBs are used for procurement processes equal to or above USD 100,000 when the requirements can be specified quantitatively and qualitatively. It is primarily used when procuring goods or well-defined services.

The ITB must indicate whether potential suppliers are to submit bids using the one-envelope or the two-envelope system:

- 1) When a one-envelope ITB is used, suppliers must submit technical and commercial (financial) offers in a single envelope. The evaluation panel will conduct the evaluation by verifying that an offer is substantially compliant in all aspects. The procurement personnel should use one-envelop system for procuring simple and standard products for which the technical evaluation can be conducted objectively (e.g., procurement of office supply);
- 2) When a two-envelope ITB is used, suppliers must submit their technical and commercial (financial) offers separately in two sealed envelopes. The purpose of the two-envelope system is to ensure that the technical evaluation can be undertaken focusing solely on the contents of the technical bids without bias from the financial aspects of the offer. The evaluation panel will use a points system to determine which bids are technically compliant. The financial offers for those bids deemed to be technically compliant are opened in a separate bid opening session. The procurement personnel should use the two-envelop ITB when there is a need to address a potential risk of fraud and the head of unit would rather have that prices are not known by UNFPA personnel until the technical evaluation has been completed.

ITBs by default use the one-envelope system unless there is a valid reason for using the two-envelope system, such as a risk of fraud. This is because using a two-envelope system increases the formality and complexity of the process, potentially discouraging bidders from submitting a bid. It can also increase the risks of bids being invalid, which goes against the principle of effective competition.

The following must be followed when conducting an ITB:

- 1) The ITB is open to international competition through public posting on the UNGM, which is the default method of formal solicitation at UNFPA. For limited international competition procurement, the ITB is made accessible to a selected number of suppliers (refer to [section 5.3.2, Request for expression of interest](#)). The procurement focal points may notify suppliers of the solicitation by email. The unit must send such notification to all suppliers at the same time and in a private manner (e.g., blind copy). The same process must be followed when amendments are issued.
- 2) The solicitation must remain open for at least three weeks. For low-value (less than USD 200,000), non-complex processes (e.g., stationery and office supplies, Standard IT equipment), or on an exceptional basis (such as when there is an urgency not caused by a lack of planning), this period may be reduced to two weeks. The procurement focal point must justify the reduced solicitation time, seek approval from the officer holding procurement authority to issue the solicitation, and file the justification for audit trail purposes
- 3) The ITB must include specifications, requirements (quality, delivery terms and dates, quality assurance, etc.), quantity estimates, payment terms, evaluation criteria, and other criteria in the solicitation documents. The ITB must also include criteria defining substantial responsiveness/non-responsiveness in order to establish objective measures with which the various aspects of the offer are analyzed. These may include requirements pertaining to the goods (technical specifications), services (terms of reference) and/or the supplier (qualification requirements). Refer to [section 8.7.2](#) supplier qualification showing mandatory minimum qualification requirements.
- 4) Any samples required should be requested in the solicitation documents along with deadlines and how, where and when they should be sent (and return, if applicable). Because samples can get caught in customs, it is prudent to send samples separately from bids. If samples will be required as part of the evaluation, special considerations must be taken into account (see [Guide to Creating Specifications](#)).
- 5) The ITB must specify the deadline, date, hour, time zone, place and method(s) for submission of bids and the required validity of bids must be specified in the solicitation documents with any markings required on the bid to indicate its contents. The deadline for receiving bids is an absolute deadline.
- 6) The unit must communicate any revisions or cancellations to the solicitation using the same means as the initial solicitation.
- 7) Questions from any bidder and clarifications from UNFPA must be communicated simultaneously to all bidders; the method of communicating questions and answers shall be included in the solicitation documents.

- 8) Revisions or cancellations to the solicitation must be communicated using the same means as the initial solicitation.
- 9) Bids containing price and/or technical information must be submitted in sealed envelopes clearly marked “sealed bid” or through a secure email address ([refer to section 7.1.1.2](#)) or internet site dedicated to the bid process (submissions by fax are not permissible as dedicated and secure fax lines are not practical in most locations). Electronic submissions are the preferred method of solicitation as they allow a better audit trail and "paper based only" submissions often result in lower response rate due the extra complexity for interested bidders.
- 10) The dedicated bid receivers who are not involved in the procurement processes must receive bids and place them in a secure area where they are kept sealed and confidential until the opening of all bids. If received in electronic version, they are to be kept in a secure electronic location (secure inbox, folder, server, etc.).
- 11) Bids received after the stipulated deadline must not be considered.
- 12) In accordance with the [Policy and Procedures for Document Management at UNFPA](#), all bids must be kept in file and for auditing purposes for the minimum period of seven (7) years.
- 13) The procurement focal points must make arrangements to open bids in accordance with procedures outlined in [section 7.4.2](#).
- 14) When a unit has received less than three technically compliant bids, the procurement focal points must check the reasonableness of price, e.g., through market survey, comparison with prices obtained previously for similar goods/services.

### **6.3.2.2 Request for proposal (RFP)**

Similar to ITBs, RFPs are used for procurement processes equal to or above USD 100,000. However, RFPs are for processes where requirements cannot be quantitatively and qualitatively expressed in the specifications at the time when the solicitation is issued. RFPs are generally used for the procurement of complex services that can be rendered by different service providers using different and creative approaches and methodologies.

RFPs always use the two-envelope system which requires potential suppliers to submit one sealed envelope with a proposal offering a technical solution to the requirements specified in the solicitation document and another with a separate financial proposal indicating all associated costs. By requiring the potential supplier to submit the technical and financial proposals sealed separately, it preserves fairness and confidentiality in the process. The purpose of the two-envelope system is to ensure that the technical evaluation can be undertaken focusing solely on the contents of the technical proposals without bias arising from the financial aspects of the proposals.

The following steps must be followed when conducting an RFP:

- 1) The RFP is open to international competition through public posting on the [UNGM](#); and for limited international competition procurement, the RFP is made accessible to a selected number of suppliers (refer to [section 5.3.2 Request for expression of interest](#)). The procurement focal points may notify the suppliers of the solicitation by email. Such notification must be sent to all suppliers at the same time and in a private manner (as blind copy). The same process must be followed when amendments to the solicitation documents are issued.
- 2) The solicitation must remain open for a minimum of four weeks. For low-value (less than USD 200,000), non-complex processes or on an exceptional basis (such as when there is an urgency not caused by a lack of planning), this period may be reduced to two weeks. The procurement focal point must justify the reduced solicitation time, seek approval from the officer holding procurement authority to issue the solicitation. The approved justification should be subsequently submitted to the procurement process review committee (CRC or LCRC, refer to sections [9.4.1](#) and [9.4.2](#)) as well as to the relevant contract award authority (field office manager, chief of PSB, professional level procurement staff at PSB (refer to sections [2.5.2](#) and [2.5.3](#)). Procurement process review committee or the procurement authority might reject the request for contract award if the provided justifications are not acceptable. The reasons for a shorter solicitation time must be kept on file for audit trail purposes.
- 3) RFPs must include specifications, requirements (quality, delivery terms and dates, quality assurance, etc.), quantity estimates, payment terms, evaluation criteria, and other criteria must be included in the solicitation documents. These may include requirements pertaining to the goods (technical specifications), services (terms of reference) and/or the supplier (qualification requirements).
- 4) Any samples required (if applicable) should be requested in the solicitation documents along with deadlines and how, where and when they should be sent (and returned, if applicable). Because samples can get caught in customs, it is prudent to send samples separately from proposals. If samples will be required as part of the evaluation, special considerations must be taken into account (refer [Guide to Creating Specifications](#)).
- 5) The RFP document must specify the deadline, date, hour, time zone, place and method(s) for submission of proposals and the required validity of proposals must be specified in the solicitation documents with any markings required on the proposal to indicate its contents. The deadline for receiving proposals is an absolute deadline ([refer to section 7.1](#)).
- 6) Email communications are permissible in issuing information to bidders simultaneously and in the clarification of queries.

- 7) Questions from any bidder and clarifications from UNFPA must be communicated simultaneously to all bidders; the method of communicating questions and answers shall be included in the solicitation documents.
- 8) The procurement focal points must communicate revisions or cancellations to the solicitation using the same means as the initial solicitation.
- 9) Proposals containing price and/or technical information must be submitted **separately** in sealed envelopes clearly marked “sealed bid” or through a secure email address (refer to [section 7.1.1.2](#)) or internet site dedicated to the bid process (submissions by fax are not permissible as dedicated and secure fax lines are not practical in most locations). Electronic submissions are the preferred method of solicitation as they allow a better audit trail and "paper based only" submissions often result in lower response rate due the extra complexity for interested bidders.
- 10) The dedicated bid receivers who are not involved in the procurement processes must receive proposals and place them in a secure area where they are kept sealed and confidential until the opening of all bids. If received in electronic version, they are to be kept in a secure electronic location (secure inbox, folder, server, etc.).
- 11) Proposals received after the stipulated deadline must not be considered.
- 12) In accordance with the [Policy and Procedures for Document Management at UNFPA](#), all proposals must be kept in file and for auditing purposes for the minimum period of seven (7) years.
- 13) The unit must open proposals (RFP)/bids (ITB) in accordance with procedures outlined in [section 7.4.2](#).
- 14) When a unit has received less than three technically compliant proposals, the unit must check the reasonableness of price, e.g., through market survey, comparison with prices obtained previously for similar goods/services.

### 6.3.3 Solicitation of offers against existing UNFPA LTAs

For information on the structure, purpose and scope of use of LTAs as a contractual instrument, please refer to [section 11.4](#) (Long-term agreements (LTAs)).

#### 6.3.3.1 Fixed prices versus ceiling prices LTAs

- a) Fixed prices:

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

In the event LTA prices are fixed and there is only one LTA covering the required items, the business unit must contact the LTA holder directly through issuance of an RFQ using the [standard template](#) to submit an offer as per the terms and conditions of the LTA.

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

- Suppliers of goods shall be asked to submit "binding" freight quotations to UNFPA for freight quotations below USD 100,000, UNFPA may go with the LTA supplier in order to reduce transaction costs, i.e., no separate freight cost comparison is required;
- For freight quotations above USD 100,000 (above USD 200,000 for emergency reproductive health kits (ERHK)), UNFPA will compare the supplier's freight offer with the freight offer from United Nations LTA freight forwarders and choose the lowest freight option. The following procedure shall be followed:
  - The procurement focal point requests quotations only from the United Nations freight forwarders approved in the United Nations LTA *for the country of destination*. If the quotation is less than the supplier, the unit will enter into contract with the United Nations freight forwarder;
  - If the designated United Nations freight forwarders for the *particular destination* are unable to quote, the procurement focal point requests a quote from any of the other United Nations freight forwarders who are not specifically assigned to that particular destination;
  - When a unit seeks freight quotations above USD 100,000 from multiple United Nations freight forwarders, offers must be submitted securely (e.g., to the secure bid email or in a sealed envelope) to ensure transparency and confidentiality. (*Note*: if there is only one eligible LTA freight forwarder, they can send quotes directly to an ordinary email address). The designated staff member receiving secured or sealed bids using the standard [Bid Receipt Form](#). The designated staff member hands over the completed and signed Bid Receipt Form - Freight Services, along with the secure quotations to the procurement focal point after the deadline for opening. The unit will issue the contract to the lowest substantially responsive offer.

#### **United Nations Freight Forwarder LTAs:**

- [UN Sea Freight LTAs](#)
- [UN Air Freight LTAs](#)
- Procurement focal point(s) must ensure that sourcing of freight services follows these Procurement Procedures. Use of other United Nations agencies freight forwarding LTAs is strongly recommended. Usage of United Nations freight forwarding LTAs should be done strictly based on the terms and conditions of the LTAs and the SOPs established by the respective United Nations agency. For more information on freight



forwarding arrangements, field offices and UNFPA business units are encouraged to contact PSB.

- Suppliers will be informed that UNFPA will perform random checks of freight amounts invoiced to UNFPA on a regular basis to ensure that what UNFPA is paying for freight is aligned with market rates.

b) Ceiling prices:

In the event that LTA prices are ceiling prices, if the one-time procurement value is expected to be above USD 50,000, the various LTA holders for the required item(s) must all be put in competition through a secondary bidding process, unless the LTA conditions indicate otherwise (e.g., when UNFPA is piggybacking on LTAs issued by another United Nations organization).

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

Secondary bidding is a solicitation exercise. It is based on already established LTA(s), whereby (1) the suppliers are requested to provide their Best and Final Offer (BAFO) through issuance of a standard RFQ for goods or services (depending on the nature of the requirements) and (2) the prices cannot exceed the ceiling prices indicated in the LTA for a certain merchandise or service.

In a secondary bidding process, the UNFPA business unit must invite all suppliers holding an LTA with UNFPA for that particular item(s) to submit their (BAFO through issuance of an RFQ or through reverse auction bidding using an e-procurement system). The unit must follow the instructions and the SOPs produced for the specific LTA while conducting the solicitation process. The relevant procurement authority must sign the RFQ which must specify prices cannot exceed the ceiling prices indicated in the LTA.

- If a headquarters business unit conducts a secondary bidding exercise and the estimated value of the purchase does not exceed USD 50,000, secondary bidding offers do not need to be submitted to a secure email or sent in a sealed envelope, unless the LTA conditions indicate otherwise (e.g., when UNFPA is piggybacking on LTAs issued by another United Nations organization). If the value of the secondary bidding conducted by a headquarter business unit is equal to or exceeding USD 50,000, the offers must be submitted to a secure email or sent in a sealed envelope;
- If a field office unit conducts the secondary bidding process, the field office must handle the secondary bidding offers in a confidential manner regardless of the value of the procurement (i.e., offers must be sent to a dedicated secure email address, or in a sealed envelope).

In a secondary bidding process, the procurement focal point must include a note to file justifying the final selection decision in the file for audit trail purposes.

The advantages of secondary bidding include:

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

### ***6.3.3.2 Solicitation of offers by country offices against PSB LTAs***

Although reproductive health commodities are procured by PSB, some country offices are authorized and trained by PSB to conduct transactional procurement for certain reproductive health commodities using PSB's LTAs. PSB will share relevant procedures on a case-by-case basis with those countries.

Unless PSB gives specific authorization and training, a country office cannot purchase products using PSB's LTAs.

### ***6.3.3.3 Solicitations against existing United Nations system LTAs***

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

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

Therefore, UNFPA may contract with a supplier using the LTA of another United Nations system organization. This is an efficient way of contracting and is therefore encouraged. Use of these LTAs is subject to:

- Obtaining evidence that the LTA has been formally established (i.e., copy of the signed LTA as well as relevant instructions and conditions regarding the use of the LTA);
- Item(s) covered by that specific LTA;
- LTA is valid;
- The consent of the supplier holding the LTA that UNFPA may place orders against the LTA;
- The United Nations organization in question gives permission for UNFPA to place orders against the LTA;
- Obtaining consent and signing a [“Memorandum of Agreement” \(“MoA”\)](#) for piggybacking on the LTA between UNFPA and the supplier, to formalize the understanding the supplier will provide the goods and/or services to UNFPA subject to the terms and conditions of the LTA. For this purpose the standard UNFPA template of [“Memorandum of Agreement” \(“MoA”\)](#) for piggybacking must be used;

Please note, when the LTA explicitly states the other United Nations system organization also signed the LTA on UNFPA's behalf, agreement from the supplier, permission from the relevant

United Nations system organization and concluding a MoA is not required. The procurement personnel must be vigilant and if they have doubts regarding the requirement of concluding an MoA with the United Nations LTA suppliers they must contact PSB for guidance.

The designated procurement focal point must establish the MoAs with UN LTA holders. The MoAs should carry unique and sequential identification numbers derived from the [MoA log](#) of the business unit.

UNFPA must follow the terms of the LTA entered into by the other United Nations system organization. This includes terms related to use of secondary bidding if so required under the LTA; not exceeding any caps established under the LTA (note: this should be calculated individually and not take into account quantities previously purchased by other United Nations organizations); specific brand required; use of stock items to be justified; etc. UNFPA shall use United Nations LTAs to procure the LTA items. “LTA item” means the item’s exact specifications, price and unit of measure is identical to what is described/agreed to in the specific United Nations LTA.

#### **6.3.4 Budget range**

Solicitation documents may include a budget range to help suppliers determine the quality of service or complexity of design and how much resources and/or money they should invest in responding to the procurement opportunity. A budget range encourages competition and potential cost savings but can inflate prices. It is therefore prudent to retain a realistic margin at the high and low ends of the budget range to ensure flexibility in finalizing the exact range of services included in the proposal. In the event solicitation documents include a budget range, the selection process is solely based on the evaluation and award parameters published in the solicitation document. Budgets are for information purposes only; they do not constitute encouragement for bidders to increase their price.

#### **6.3.5 Nominal fees for costs of solicitation**

When preparing bids or proposals for complex goods or services, prospective bidders incur significant costs. These costs may act as a deterrent to some suppliers and, as a result, restrict the number of responses received and reduce competition. In exceptional cases, UNFPA may, therefore, pay a nominal fee to offset the costs incurred by the unsuccessful bidders when preparing their proposal. Prior to launching the RFP, the requesting unit must discuss with the Chief, PSB to determine a) whether the office may pay such a fee and b) the amount of the fee or the mechanism to be used to calculate the fee. In the event, the Chief, PSB allows such a fee to be paid, the solicitation document must clearly mention all information regarding the fee. Under no circumstances, is a UNFPA office authorized to decide to pay such a fee at a later stage if the solicitation document is silent about this option.

## 6.4 Solicitation documents

### 6.4.1 Preparation of solicitation documents

UNFPA has developed [standard solicitation templates](#) relating to RFQs, ITBs and RFPs. All personnel involved in a procurement transaction must use and follow these standard templates.

Personnel involved in the procurement transaction must complete the [standard solicitation templates](#) with respect to the specific solicitation exercise. However, they cannot make any changes to the standard paragraphs of the standard solicitation templates, including annexes (if any) without prior clearance by a procurement specialist/associate at PSB. Moreover, care must be taken not to add any requirement or condition to the documents that may contradict UNFPA's General Conditions of Contract, or the standard paragraphs of any of the standard solicitation templates, including annexes (if any).

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

All solicitation documents consist of the following elements:

- 1) Letter of invitation and instruction to suppliers;
- 2) Definition of requirements (specifications/TOR);
- 3) Contractual information including UNFPA General Conditions of Contract and applicable UNFPA contract forms;
- 4) Offer submission forms.

All solicitation documents must concisely contain all data and appropriate provisions necessary for bidders to understand UNFPA's needs and to prepare a suitable offer. Moreover, solicitation documents must always be in accordance with the UNFPA General Conditions of Contract. Refer to [section 11.2.1](#).

### 6.4.2 Types of solicitation documents

The three mandatory UNFPA-designed templates a unit uses to: clearly communicate the requirements to suppliers are:

- 1) RFQ ([template](#)).
- 2) ITB ([template](#))
- 3) RFP ([template for establishing Contracts for Professional Services](#) and [Template for establishing Long Term Agreements - RFP Templates](#)): RFPs are typically accompanied by [terms of reference](#) ("ToR").

## 6.5 Components of solicitation documents

### 1) Letter of invitation and instruction to bidders:

- a) **Invitation to offer** (including reference to the specific procurement activity and a list of supporting documents issued).
- b) **Evidence of supplier eligibility**; evidence the supplier is established as a legal entity and duly incorporated with a registered office address, (e.g., through provision of certification of incorporation or other documentary evidence). This is not required for suppliers already registered in national, regional or international stock exchanges. The supplier must also provide evidence it is not ineligible in accordance with [section 3.3](#) (Vendor ineligibility) of these Procurement Procedures.
- c) **Deadline for submission of offers** (date, time, mean and place for submission clearly stated, together with the location, date and time for the opening of offers). In order to allow the supplier sufficient time to prepare and submit an offer, the following minimum times must be respected:
  - i. For RFQs: three days for very standardized requirements (e.g., for freight quotes against existing United Nations LTAs); two weeks for complex requirements; and one week for all others;
  - ii. Three weeks for ITBs (for low-value -less than USD 200,000-, non-complex processes, or on an exceptional basis -such as when there is an urgency not caused by a lack of planning- this period may be reduced to two weeks);
  - iii. Four weeks for RFPs (for low-value -less than USD 200,000-, non-complex processes, or on an exceptional basis -such as when there is an urgency not caused by a lack of planning-, this period may be reduced to two weeks).

For any reduction to the solicitation period, the procurement focal point must seek written approval from the officer holding procurement authority<sup>18</sup> to issue the solicitation and keep the signed approval on file for audit purposes
- d) **Instructions for preparation and submission**: The instructions must include all relevant documents and information needed to prepare and submit a complete offer. The instructions must also include a notice to suppliers that offers may be rejected unless compliant. The instructions should always include:
  - i. Mode of submission (electronic, mail);
  - ii. Address to send offers (physical and/or electronic);
  - iii. Instructions on how the offers should be packaged (sealed, number of copies, one or two-envelope etc.).
- e) **Description of the procurement activity**: It must include all information necessary to prepare a responsive and meaningful offer such as:
  - i. The context of the procurement activity;
  - ii. The intended purpose of the procurement activity.
- f) **Currency of offer and exchange rate, if applicable**: the official United Nations operational rate of exchange is always the exchange rate used.
- g) **Language** used for the solicitation documents with a notice all contractual documents are in English, French or Spanish.

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<sup>18</sup> Please refer to sections [2.5.2 Delegation of procurement authority to UNFPA officers at headquarters, and 2.5.3 Delegation of procurement authority to field office managers.](#)

- h) Instructions on **offer validity** (requesting suppliers to keep their offers valid for a specific number of days – typically between 30 and 90 days for goods and minimum three months for services - allowing time for evaluation of offers and award of contract).
- i) **Method of evaluation and evaluation criteria:** This includes the weight of each major criterion and how the evaluation panel will apply it. For more on evaluation criteria, refer to [section 8 ‘Evaluation of Submissions’](#).
- j) **Discrepancies and errors in the price component:** The solicitation document must include information on how a discrepancies and errors in the price component of offers must be addressed. Please refer to sections [7.2.1](#) and [8.9.3](#).
- k) **Bidder capability and qualification requirements:** in particular, for large value procurement (greater than USD 200,000). Examples of qualification requirements are below. Only those deemed relevant should be incorporated in the solicitation document:
- i. Financial capability:
    - Minimum annual sales turnover during any one of the last three years;
    - Liquidity (quick) ratio: e.g., current ratio (current assets/current liabilities) > 1;
    - Documentary evidence that the supplier has successfully completed at least one similar contract within the last five years for supply of relevant goods and/or services;
    - Provide contact details of commercial banks and names of contact persons from whom UNFPA could seek feedback.
  - ii. Experience and technical capacity:
    - Registration details of the supplier;
    - Supplier’s managerial capability:
      - Details of supplier’s managerial structure;
      - Quality assurance systems in place.
    - Supplier must have manufactured and supplied satisfactorily similar goods and/or services, as applicable, to a similar extent of the quantity as mentioned against each schedule during any one of the last three years and the goods and/or services should have been in use satisfactorily with no adverse report;
    - Details of experience and past performance of the supplier on equipment offered and on those of similar nature within the past five years and details of current contracts in hand and other relevant commitments;
    - Confirmation from supplier’s clients on supplier’s satisfactory performance;
    - Data to support that the supplier has production capacity to meet the contractual requirements;
    - Evidence that the supplier is in continuous business of manufacturing/supplying and providing after sale services for goods similar to those offered during the last three years prior to bid opening date;
    - As applicable, brief write-up, backed up with adequate data, explaining available capacity and experience in the manufacture and supply of the

- required goods within the specified time of completion after meeting all their current commitments;
- As applicable, confirmation that all the facilities exist at the factory for inspection and testing and these will be made available to UNFPA or his/her representative for inspection;
  - The supplier shall disclose instances of previous past performance that may have resulted in adverse actions taken against the supplier and, as applicable, the manufacturers or service providers whose goods and/or services are being offered by the supplier, in the last five years. Such adverse actions may be treated as unsatisfactory performance history;
  - A list giving full particulars, including available sources and current prices of spare parts, special tools, etc., necessary for the proper and continuing functioning of the goods, as applicable, for a reasonable period of time following installation of the relevant equipment.
- iii. Examples of qualification requirements for non-manufacturer bidders:
- Legally enforceable authorization from the manufacturer assuring full guarantee and warranty obligations as per the tender conditions for the goods offered; and
  - The bidder, as authorized by the manufacturers, has supplied and provided after sales service for similar goods to the extent of at least 20 per cent of the quantities indicated in the tender requirements in any one of the last three years, and the goods must be in satisfactory operation;
  - Financial experience and technical capacity requirements of the manufacturer similar to those mentioned above.
- l) **Modifications:** The documents must stipulate that UNFPA will distribute any amendment, additional information, clarification or correction to the solicitation documents to all suppliers prior to the deadline using the same means of communication used for disseminating the original solicitation document.
- m) **Bid security:** Bid securities can be requested in order to mitigate risks of:
- i. Withdrawal or modification of a bid or proposal after the bid receipt deadline;
  - ii. Failure to sign the contract.

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

A bid security must always be unconditional (it can be called directly without having to prove non-performance) and irrevocable (the bidder cannot withdraw or cancel it as long as it is valid).

**In the event the requesting unit wishes to request bidders to provide a bid security, the requesting unit must first consult PSB. PSB will determine whether requesting a bid security is recommended after conducting a risk assessment based on the following parameters:**

- i. Monetary value of the goods or services to be purchased;
- ii. Urgency of the request;
- iii. Instability of the prices of raw materials;
- iv. Specific market conditions and/or unstable situation in the specific location;
- v. Level of maturity of the targeted market.

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

The staff member in charge of the procurement process is responsible for providing the bid securities submitted by bidders to the operations managers, as these documents can be cashed and, as such, extra care must be taken when handling and storing original documents. Original securities must be sealed in the envelope and stored in the office safe, as ultimately they will have to be returned to the supplier (unless they have been forfeited).

Bid securities must be returned to the bidders after the contract is formally established with the bid winner.

**The bid security must be surrendered to the UNFPA if the bidder:**

- (a) withdraws their bid before the end of the bid validity period,
- (b) fails to sign the contract after the notification of award, or
- (c) fails to provide performance security, if required

**n) Information about performance security and advance payment guarantee:**

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

Performance securities and advance payment guarantees are documents that can be cashed and, as such, extra care must be taken when handling and storing original documents. Original securities must be stored in a safe place (e.g., the finance safe) as ultimately they will be returned to the supplier (unless they have been forfeited). It is recommended that the performance security equals at least five percent (5 per cent) of the total contract amount.

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



i. **Performance security:**

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

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

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

A security must always be unconditional (it can be called directly without having to prove non-performance) and irrevocable (the bidder cannot withdraw or cancel it as long as it is valid). It must be returned to the contractor once evidence of satisfactory completion of the contractor obligations under the contract has been obtained. At time of requesting a performance security, the conditions under which the security will be returned to the contractor must be clearly specified for the sake of transparency.

ii. **Advance payment guarantees:**

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

Please refer to [section 13.5.3](#) (Advance payments) of these Procurement Procedures for more detailed information on advance payment procedures.

- o) **Alternative offers:** Alternative offers are offers that do not comply with the exact requirements of the tender, or which may represent an improvement over the original offer in terms of exceeding the minimum performance parameters of the request, and are proposed by suppliers as an optional way of fulfilling the needs of the end user.

The solicitation document must specify whether or not alternative offers are acceptable (which is usually the case in RFP processes). In any case, alternative offers not complying with the mandatory criteria must not be considered.

- p) **Split orders:** Information regarding whether or not partial offers are acceptable and whether split orders will potentially be issued must be included in the solicitation documents.

- q) **Contact information** for queries.

- r) **Bid protest procedures:** The solicitation documents shall contain a paragraph informing potential suppliers of the independent protest mechanism in UNFPA. Such a paragraph is included in UNFPA standard documents. Refer to [section 10.2.3](#) (Bid protest procedures) for more information.
- s) **Ethical considerations:** The solicitation documents shall include the fraud hotline contact details and reference to UNFPA’s zero tolerance for gift and hospitality and emphasize the requirement of suppliers to fully collaborate with OAIS in case of investigations.
- t) **Other:** Need for samples, for instance. If samples will be required as part of the evaluation, special considerations must be taken into account (refer to [Guidelines on specifications](#)).
- u) **Budget Range:** The budget range available for the procurement activity might be indicated in the solicitation documents on an exceptional basis. This option might be used specially for service procurements in order to provide a signal about the quality and the depth of the expected service (refer to [section 6.3.4](#)).

## 2) Definition of requirements:

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

## 3) Contractual terms:

- a) A copy of the applicable set of the [UNFPA General Conditions of Contract](#) (“UNFPA General Conditions” or “GCC”) must be included in the solicitation documents (please refer to [section 6.4.1](#)). The GCC clarify which general conditions the suppliers are expected to accept when signing a contract with UNFPA.
- b) Information about any special terms and conditions, if applicable and cleared, as appropriate, by the Legal Unit.
- c) UNFPA must attach the applicable [UNFPA model contract](#) form to the solicitation document in order to provide the potential suppliers with clear indication about the ultimate contractual relationship to be established with UNFPA. This allows suppliers to a) know the terms and conditions of the specific agreement before submitting an offer, and b) understand the type of contract they will sign if selected as a supplier to UNFPA.
- d) When purchasing goods, a copy of the relevant packing and shipping instructions must be included with the solicitation documents. These instructions are fundamental to the supplier when bidding, as they include specific and clear information regarding packaging, marking and numbering of the shipment, notification of shipment, documentation required for custom clearance and payment purposes and invoicing.

- e) Price and payment information as to whether UNFPA and the supplier will sign a contract based on fixed price/lump-sum or cost reimbursement.
- f) Payment terms: The relevant UNFPA model contract will include payment terms. UNFPA should not make any advance payment, except for specific situations as provided in [section 13.5.3](#).
- g) Reservations to GCC: The solicitation documents must state 1) bidders must include in their bids any reservation to the GCC, formulated exactly as desired to appear in a potential contractual document, and 2) that failure to submit such reservations is deemed as an acceptance of the GCC in full.

## 6.6 Invitation of suppliers

### 6.6.1 Approval and issuance of solicitation documents

Upon completion of solicitation documents, and prior to distribution, the requesting unit must comply with the following:

#### Approval of solicitation documents

All solicitation documents must be pre-cleared according to the following:

##### *6.6.1.1 Pre-clearance by PSB for solicitations exceeding USD 100,000*

Procurement personnel in PSB, or any other procurement specialist outside PSB appointed by the Chief, PSB, must pre-clear, in writing, all solicitation documents whose value exceeds USD 100,000.

The Chief, PSB approves the appointment of procurement specialists outside of PSB for this purpose based on the formal requests from the respective field office managers (representative, regional director, etc.).

##### *6.6.1.2 Pre-clearance by ITSO for all solicitations related to information technology systems and solutions*

Regardless of the value and funding source, technical staff members in the professional category of the ITSO must pre-clear, in writing, all solicitation documents relating to information technology systems and solutions.

All solicitation documents related to information technology systems and solutions must reference the following:

- UNFPA [Shadow IT Policy](#);
- UNFPA [ICT Software Policy](#), 12 Purchase of software;
- UNFPA [ICT Hardware Policy](#);
- UNFPA [IT Outsourcing Management Policy](#).

**6.6.1.3 Pre-clearance by UNFPA’s Media and Communications Branch (“MCB”) for all solicitations related to UNFPA publications**

Regardless of the value and funding source, a staff member staff in the professional category from Media and Communication Branch must clear, in writing, all solicitation documents relating to any publication that will bear the name and/or logo of UNFPA.

**6.6.1.4 Pre-clearance by FASB for all solicitations related to constructions, renovation and vehicles**

Regardless of the value and funding source, a staff member in the professional category from FASB must clear, in writing, all solicitation documents relating to construction and renovation and vehicles, except for armored vehicles, which are pre-cleared by OSC.

**6.6.1.5 Pre-clearance by OSC of solicitations for all security related equipment (including communication equipment), goods and services**

Regardless of the value and funding source, a technical staff member in the professional category from OSC technical must clear, in writing, all solicitation documents associated with security related equipment (including communication equipment and armored vehicles), goods and services.

***Distribution of solicitation documents***

The unit undertaking the procurement must issue and distribute solicitation documents, including any amendments thereof, *simultaneously* to all suppliers, by mail, courier, fax, or email, and make them available electronically on UNGM (in the case of “open international competition”, refer to [section 6.2.1](#)), with a view to giving all suppliers the same opportunity to respond.

In “limited international competition” (refer to [section 6.2.2](#)), the unit undertaking the procurement must make solicitation documents available solely to the suppliers on the short list (refer to sections [5.3.2](#) and [5.5](#)). The unit undertaking the procurement must issue and distribute solicitation documents *simultaneously* to all suppliers, by mail, courier, fax, or email, or make them available electronically on the internet, with a view to giving all invited suppliers the same opportunity to respond.

Where the solicitation documents state that offers are accepted by email, the offers from the bidders must be received in a dedicated email address. The email address must be specified in the solicitation documents, and it must be made clear that only offers sent to the dedicated email address will be accepted. An individual not directly involved in the procurement process, and duly authorized by the field office manager or Chief, PSB (refer to [Authorization to receive offers form](#)) must have the sole access (through password protection) to the dedicated email. For confidentiality reasons, bids should be printed after the bid deadline just before they are officially opened, and put in a sealed envelope.

Where any specific business unit faces difficulties with adhering to this requirement due to the reasons related to human resources limitations or others, the head of unit must contact the Chief of PSB and agree on a solution that satisfies both the requirements of proper segregation of duties and the general procurement principles of UNFPA.

### ***Confidentiality of the short list***

In a case of a limited competition where the solicitation documents are only being made available to a short list of selected suppliers, UNFPA shall not disclose the names of any short-listed suppliers, unless the names of the pre-qualified suppliers are already mentioned publicly (e.g., on the designated WHO website for pre-qualified lists of male condom manufacturers). UNFPA may disclose the number of shortlisted suppliers to the suppliers in the short list, but not their names.

## **6.6.2 Solicitation of offers in situations of direct contracting**

When so called direct contracting is justified because one - or more than one - of the exceptions to the use of formal methods of solicitation under UNFPA [Financial Rule](#) 115.5 apply (refer to [section 6.8](#), Exceptions to the use of formal methods of solicitation), an offer is requested from only one supplier. Nevertheless, the appropriate standard solicitation documents including standard instructions to bidders, the applicable set of GCC and the relevant UNFPA model contract form must be sent to the supplier in order to ensure inclusion of all details, and awareness of UNFPA's expectations and requirements.

## **6.7 Communication with suppliers**

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

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

UNFPA must handle any queries from suppliers by correspondence and/or by a pre-bid conference followed by written minutes made available to all potential bidders.

Suppliers requiring clarifications to the tender documents must submit their queries in writing to UNFPA. The UNFPA procurement focal point must ask any bidder who seeks clarifications by phone to submit a written request. UNFPA will prepare and dispatch written replies to such queries, and make all replies known, together with the text of the queries, to all suppliers at the same time, without referencing the source of the queries.

For technically complex acquisitions, the procurement personnel may opt to hold a pre-bid conference with the suppliers in addition to, or instead of, issuance of written clarifications. Such a conference may be in the form of a meeting or a site inspection. When conducting a pre-bid conference or site inspection, the procurement personnel must adhere with following instructions:

- 1) Solicitation document must clearly state a date and time for the conference and/or site inspection, allowing sufficient time for all suppliers to plan attendance of the conference and/or site inspection;

- 2) Participating in pre-bid conferences or site inspections are not mandatory unless valid reasons exist for making such events mandatory (in which case this must be clearly specified in the tender document). Where such conferences or site inspections are not mandatory non-participation of bidders to pre-bid conference or site inspection is not a cause for eventual bid rejection. If participation in the pre-bid conference or site inspection nevertheless is made mandatory, care must be taken to require participation in the pre-bid conference or site inspection in a manner that is non-discriminatory. For this purpose, utilization of systems such as video conference, teleconference and such is encouraged for pre-bid conferences whenever possible;
- 3) The representatives who choose to be present during pre-bid conference or site inspection shall bring along reasonable evidence that they represent the potential bidder; e.g., business card, letter of authorization, etc;
- 4) UNFPA personnel will prepare a list of the representatives attending the pre-bid conference or site inspection. The list shall contain the representatives' names and corresponding bidders' names. UNFPA must ensure it obtains the signatures of all participants on the list and indicate the date and time next to the signature;
- 5) UNFPA personnel in attendance, the observers from the client/donor and the bidder representatives present should be introduced;
- 6) With regard to submission of bids, suppliers should be reminded of important considerations such as the need to:
  - a) Provide in their bid contact details (in particular name, direct email address and telephone number) of the persons to be contacted during subsequent bid evaluation.
  - b) Carefully review the tender requirements.
  - c) Indicate as early as possible if there are requirements (e.g., specifications) in the tender document which do not seem reasonable; so that UNFPA can revert to the client on time and request amendments to be issued, if justified.
  - d) Always check regularly for amendments to avoid quoting for wrong specifications, wrong quantities, etc., which might result in bids being rejected.
  - e) Be informed at pre-bid conferences of errors commonly made by bidders as well as pass on other advice regarding the making of a valid bid.
- 7) With regard to supplier eligibility, participants should be advised UNFPA will not consider bids from ineligible or suspended suppliers;
- 8) Written queries from suppliers may be forwarded to UNFPA prior to the conference or inspection. Responses to the written questions shall be given verbally during the conference or inspection;
- 9) Within a reasonable time after the conference or inspection UNFPA must send a full set of the approved minutes, recording all queries and formal replies simultaneously to all suppliers whether present at the conference/site inspection or not. The minutes shall prevail over any oral responses provided during the conference or site inspection. Also, in case of discrepancy between the provisions of the solicitation document and the minutes of the pre-bid conference or site inspection, the latter shall prevail over the former. In the case of open bidding the approved minutes must be posted on UNGM, if applicable;

- 10) If the clarifications given during the meeting alter the requirements, amendment of the submission deadline should be considered, and a formal amendment to the tender document must be issued reflecting the change.

### **6.7.2 Amendments to solicitation documents**

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

However, a procurement specialist or procurement associate at PSB or procurement specialists appointed by the Chief, PSB must approve any amendments to the solicitation documents of a value exceeding USD 100,000. The requesting unit must make any amendments well enough in advance of the submission of offers deadline in order for suppliers to address changes in their offers.

In certain cases, amendments will justify an extension of the submission deadline. This should be assessed on a case-by case-basis bearing in mind due consideration to the four procurement principles as specified in [section 1.3](#) of these Procurement Procedures.

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

- 1) be done systematically through formal amendments and there must be an internal quality review prior to each amendment issuance to ensure consistency and completeness;
- 2) in the case of a limited competition, be sent simultaneously in writing to all invited suppliers, and
- 3) in the case of an open competition, be uploaded to UNGM and communicated by email to all suppliers known to have received the tender documents.

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

### **6.8 Exceptions to formal methods of solicitation**

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

- 1) The value of the procurement is below a specified monetary threshold established for formal methods of solicitation (UNFPA [Financial Rule](#) 115.5(a)(i)). This monetary threshold is USD 100,000. Informal methods of solicitation apply below this threshold.
- 2) There is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service (UNFPA [Financial Rule](#) 115.5(a)(ii)):
  - a) Prices or rates are fixed by legislation or government bodies, e.g., in cases of state monopoly or tariffs. In order to justify fixed prices or rates, the name of the regulatory

- body or law that controls rates or established prices must be indicated in each [request for award](#) and, if available, a current price/rate schedule or a letter issued by the relevant authority indicating the fixed rate be provided.
- b) Proprietary product or service refers to situations where only one source can reasonably meet the needs of UNFPA, in situations where:
- i. proprietary items subject to legal restrictions (i.e., patents and copyrights) are to be procured;
  - ii. the goods are available from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods and no reasonable alternative or substitute exists.

Justification required: explanation as to why other potential sources do not exist and reasonableness of costs (e.g., comparison with previous purchase prices) should be documented and approved by the head of unit or his assignee.

- 3) There has been a previous determination with regard to an identical procurement activity, or there is a need to standardize the requirement following recent procurement activity (UNFPA [Financial Rule](#) 115.5(a)(iii)):
- a) Previous determination means that what needs to be purchased is determined by a previous purchase, i.e., there is no other choice but to obtain the goods or services from the entity that was contracted for the previous purchase because only the vendor who performed the initial services can realistically provide the additional services. Examples include if a piece of equipment was previously purchased and components that can only be obtained from the manufacturer now needs to be replaced; complex services were purchased from a Vendor and additional services requiring specific knowledge related to previous assignment now need to be purchased.
  - b) Standardization shall be acceptable when identical goods, and/or services have recently been purchased from a supplier or contractor, and it is determined that a quantity of additional supplies must be procured, or because of the need for compatibility with existing goods and/or services. The effectiveness of the original procurement in meeting the needs of UNFPA or its client, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods and/or services in question shall always be taken into account and justified.
  - c) Please note, however, that branding is not necessarily a justification for exceptions. UNFPA must undertake a competitive process if multiple sources of supply exist.

Justification required: explanation of the previous determination or as to why standardization is required and reasonableness of costs (e.g., comparison with previous purchase prices, comparison with prices of equipment from other suppliers equivalent in performance, etc.).

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



The CPO may in appropriate cases, authorize cooperation with a United Nations entity in respect of procurement activities. Reliance on another United Nations entity's procurement decision under UNFPA [Financial Rule](#) 115.2 (b) applies to a situation where a United Nations entity has awarded a contract and UNFPA chooses to rely on that decision to award its own contract. Please also refer to [section 2.5.1](#), [section 9.4.3](#) and [section 14](#) for more information.

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

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

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

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

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

- a) In relying on this section, the officer holding procurement authority must ensure that market research was done and be fully satisfied that carrying out a new formal method of solicitation will not yield satisfactory results; and that all facts are placed on record in the justification note.
- b) This exception may not be invoked if twelve (12) months or more have passed since the closing date for submissions under the previous formal solicitation process that did not yield satisfactory results.

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

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

Although hotel accommodation and services, including rooms, conferences and meetings conducted in hotels, or in equivalent facilities such as big conference centres that provide typical “hotel services”, are not occupied on the basis of a “lease”, this exception from the formal methods of solicitation is applied, by analogy, to the procurement of hotel accommodation.

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

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

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

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

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

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

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

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

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

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

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

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

- 10) The CPO otherwise determines that a formal solicitation will not give satisfactory results (UNFPA [Financial Rule](#) 115.5(x)):
  - a) Commodities that are in scarce supply can be immediately procured at prices which are not likely to be maintained.
  - b) Extension of scope of services or goods requested in an original contract, made through an amendment in order to ensure continuity in work. Justification for continuity of work is required, i.e., explanation as to why a new solicitation would not give satisfactory results and confirmation of reasonableness of prices (e.g., comparison with previous bids, etc.).
  - c) In a situation where a solicitation exercise was conducted in good faith expecting reasonably that the contract value would not exceed the relevant threshold for formal methods of solicitation (USD 100,000), but in fact did.
  - d) Where the specificity of the industry does not allow suppliers to be put in formal competition; e.g., online subscription.

The reasons provided above for invoking each of the exceptions under the UNFPA [Financial Rule 115.5 a](#)) constitute examples and, therefore, are not exhaustive and may include any other reason as determined by the CPO or other officers holding appropriate procurement authority. The reasons shall be recorded in writing, UNFPA [Financial Rule 115.5 b](#)).

The procurement personnel of the respective UNFPA business units in collaboration with the relevant programme and operations personnel must submit the procurement contract proposed to be established further to an exception to the formal method of solicitation to the appropriate process review committee and/or the procurement authority for their review and approval. The submission should be supported by the justifications listed under the reason for the exception to the use of formal method of solicitation applicable for the case. The following parameters must be carefully reviewed to determine the appropriate cause of action that must be taken from the procurement process review and contract award approval perspectives.

- 1) The scope of the local contract review committee (LCRC) - refer to [section 9.4.1](#);
- 2) The scope of the contract review committee (CRC) – refer to [section 9.4.2](#);
- 3) Matters outside the scope of review of the LCRC/CRC – refer to [section 9.4.3](#);
- 4) Delegated procurement authority – refer to sections [2.5.2](#) and [2.5.3](#).

## 6.9 Emergencies

In humanitarian situations where a rapid response is required, a country office can request activation of the procurement component of the Policies and procedures relating to [Fast Track Procedures](#) (FTP). The FTPs provide flexibility in the Procurement Procedures to allow for a rapid response. Please note the procurement of Emergency Reproductive Health kits (ERH) does not require activation of the FTPs (see below).

## 6.10 E-procurement system

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

## 6.11 UNFPA-specific topics

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

ERH kits are intended to respond to maternal and reproductive health needs in emergency situations; however the procurement of such kits does not require the activation of the [Fast Track Procedures](#).

If the office has decided to procure, and identified funding, the field office should duly complete part I of the [ERH Kits Form](#), found on the [LumApps PSB Community page](#). The ERH kits form also contains the most updated information on the prices of the ERH kits. The requesting office sends the completed form to the attention of the PSB emergency procurement team.

Based on the information received in Part I of the [ERH Kits form](#), the PSB Emergency Team will provide the field office or the external client with a full quotation, including freight and insurance costs and the 5 per cent handling fee.

If the field office is in agreement with the quotation and confirms its approval for arranging the dispatch of the kits, the PSB emergency team will authorize the supplier to ship the kits to the consignee destination. In the case of external clients, they will have to confirm their agreement with the provided quotation by reverting with a signed copy of the [ERH Kits form](#) under part III.

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

For any additional information regarding ordering of emergency reproductive health kits, the field office shall contact the emergency procurement team at [rhkits@unfpa.org](mailto:rhkits@unfpa.org).

*Table 5: Summary of the different types of solicitation situations*

Solicitation method	Type of goods/ services	Estimated value of the procurement	Template to be used	Selection method
<b>Shopping:</b> Collect a quotation from a supplier that offers competitive price. Recommended to reach multiple suppliers but not a “must”	All kinds of goods/services	Field offices except Regional Offices: Less than USD 5,000  HQ/ROs: Less than USD 10,000	Official request such as official email	Lowest priced most technically acceptable
<b>RFQ – Non LTA Goods –</b> At minimum invite five independent suppliers with aim to get three quotations using – one envelope system. RFQ open for	Goods both simple and complex	Field offices except Regional Offices: USD 5,000 or above and less than USD 100,000	<a href="#">RFQ template for Non-LTA Goods</a>	Lowest priced most substantially compliant

Solicitation method	Type of goods/ services	Estimated value of the procurement	Template to be used	Selection method
one week (3 days if very standard requirements and 2 weeks for complex procurement of goods).		HQ/ROs: USD 10,000 or above and less than USD 100,000		
<b><u>RFQ – Simple services</u></b> - At minimum invite five independent suppliers with aim to get three quotations using – one envelope system. RFQ open for one week (3 days if very standard requirements).	Simple services	Field offices except Regional Offices: USD 5,000 or above and less than USD 100,000  HQ/ROs: USD 10,000 or above and less than USD 100,000	<a href="#">RFQ template for Simple Services</a>	Lowest-priced most technically acceptable offer
<b><u>RFQ – Complex services</u></b> – At minimum invite five independent suppliers with aim to get three quotations using – two envelope system. RFQ open for two weeks.	Complex services	Field offices except Regional Offices: USD 5,000 or above and less than USD 100,000  HQ/ROs: USD 10,000 or above and less than USD 100,000	<a href="#">RFQ template for complex Services</a>	Cumulative analysis methodology (selection based on highest combined score: technical and financial)
<b><u>RFP</u></b> for contract for professional services – open international bidding. RFP notice posted on UNGM and	Complex goods and service – <u>non-repetitive requirements</u>	Equal to or above USD 100,000	<a href="#">RFP template for establishing Contract for Professional Services</a>	Cumulative analysis methodology (selection based on highest combined score:

Solicitation method	Type of goods/ services	Estimated value of the procurement	Template to be used	Selection method
kept open for four weeks.				technical and financial)
<b>RFP</b> for (LTAs) - Open international bidding. RFP notice posted on UNGM and kept open for four weeks.	Complex goods and service – <u>repetitive requirements</u>	Equal to or above USD 100,000 (annual spend on purchase orders that would be raised under the LTA)	<a href="#">RFP template for establishing Long-Term Agreements</a>	Cumulative analysis methodology (selection based on highest combined score: technical and financial)
<b>ITB</b> – One envelope (default method).  Open international bidding. ITB notice posted on UNGM and kept open for 3 weeks. Both Technical and Financial Bids received in one sealed envelope.	Simple/ standard Goods and Services	Equal to or above USD 100,000	<a href="#">ITB template</a>	Lowest priced, substantially compliant supplier
<b>ITB</b> – Two envelope <u>system</u> (using two envelope system for ITBs should be done only if there are valid reasons)  Open international bidding. ITB notice posted on UNGM and kept open for three weeks. Technical and financial bids received	Standard Goods and Services Two envelope system shall only be used if the procurement principles can be further strengthened by ensuring the technical evaluation is undertaken focusing solely on	Equal to or above USD 100,000	<a href="#">ITB template</a>	Lowest priced, substantially compliant (a point system with a minimum threshold defines the qualification of the bidder).

Solicitation method	Type of goods/ services	Estimated value of the procurement	Template to be used	Selection method
in two different sealed envelopes.	the contents of the technical bids without being influenced by the financial aspects.			
Exception to the use of formal methods of solicitation	Refer to <a href="#">section 6.8</a> for a complete overview of the instances when an informal process including direct contracting can be used		Usually the RFQ template	Compliant/technically qualified proposal. Benchmarking and market research might be required to generate the value for money.

*Note:*

For the selection method (last column) please refer to [section 8](#).



## 7. MANAGEMENT OF SUBMISSIONS

### 7.1 Receipt and safeguarding of submissions

#### 7.1.1. Submissions:

It is the responsibility of the UNFPA procuring unit to provide all necessary submission requirements in the solicitation documents so that the bidders can submit its offers accordingly, i.e., at the place and by the specified deadline, and that documents are properly signed by authorized signatories.

UNFPA can request bidders to submit documentation electronically to a designated email account, by mail or by hand, as described in this section.

Following UNFPA's [Green Procurement Strategy](#), electronic submissions are the preferred method of solicitation if, the procuring office has the ability to receive bids securely, as outlined below. However, UNFPA should allow for flexibility in the process to inspire greater participation. This means offering a variety of options to bidders for submission.

Whatever the means of submission, the solicitation documents must clearly stipulate how and where bidders submit its offers. The solicitation document must clearly stipulate that UNFPA will reject any submission that deviates from the instructions; this includes submitting to a different address (email or physical); in a manner other than what is clearly indicated (by mail if document only allows for electronic submission; etc. The solicitation document must also state bidders do not need to submit its offer in more than one manner.

#### *7.1.1.1 Electronic submissions*

Electronic submissions allow bidders to submit its offer by email and are the preferred method of solicitation as they leave a better audit trail, conform to the Green Procurement Strategy and "paper based only" submissions often result in lower response rate due the extra complexity for interested bidders.

The procuring unit can request electronic submissions for both formal and informal methods of solicitation. A UNFPA unit must ensure it can authenticate, securely and preserve the confidentiality of bids. Please refer to [section 7.1.3](#). (Safeguarding of submissions) for information on how UNFPA receives and safeguards electronic submissions.

UNFPA must clearly stipulate in the solicitation document that they will reject that any offers not sent to the designated email address.

#### *7.1.1.2 Mail or by hand submissions*

The UNFPA procuring unit must clearly articulate, in the solicitation document, whether or not a bidder can submit its offers via mail and/or deliver them by hand. In such cases, the solicitation document must include a designated address where bidders can mail/deliver its offers. When

UNFPA allows mail or hand delivered submissions for bids above the financial limit of USD 5,000 for COs, USD 10,000 for regional offices and USD 50,000 for headquarters, the solicitation document must clearly state the following:

- bidders must submit its offers in a sealed envelope;
- the solicitation reference number must be clearly visible on the outside of the envelope;
- any other details outlined in the instructions.

If the procuring unit does not allow mail or hand submissions, the solicitation document must clearly stipulate that they will reject any submissions delivered by mail or hand. Please refer to [section 7.1.3](#). (Safeguarding of submissions) for information on how UNFPA receives and safeguards its submissions.

### 7.1.2 Authorized submission manners

The requesting units shall receive offers as follows:

Table 6: Summary of the method of solicitations and method used for receiving the offers

Type of Solicitation Method	Financial range	Conducted by	Method of receiving offers
Shopping	below USD 10,000	Headquarter business units and regional offices	Received in a <i>non-secure</i> manner such as via regular email address, normal post, hand delivery or telephone. <u>No formal receipt or opening process required.</u>
	Below USD 5,000	Field offices except regional offices	
RFQ	USD 10,000 or more and below USD 50,000	Headquarter business units (PSB managed procurement)	Received in a <i>non-secure</i> manner such as regular email address, normal post or hand delivery.  <u>No formal receipt or opening process required in general.</u> <u>However, all submissions</u>

			<u>delivered by mail or by hand must be stamped with time and date of receipt, registered in UNFPA's <a href="#">bid receipt form</a></u>
	USD 5,000 or more and below USD 100,000	Field offices except regional offices	Received in a <i>secure manner</i> - in sealed envelopes by mail, by hand or electronically to a secured email address.  <u>Formal receipt and opening process required. Solicitation by fax not allowed.</u>
	USD 10,000 or more and below USD 100,000	Regional offices	
	USD 50,000 or more and below USD 100,000	Headquarter business units (PSB managed procurement)	
ITB/RFP	USD 100,000 and above	All UNFPA business units	Received in a <i>secure manner</i> - in sealed envelopes by mail, by hand or electronically to a secured email address. <u>Formal receipt and opening process required. Solicitation by fax not allowed.</u>

### 7.1.3 Safeguarding of submissions

Requesting units can receive offers in a non-secure manner (i.e., via a regular email address, normal post or by hand delivery) when the procurement value is below UDS 5,000 for country offices, USD 10,000 for regional offices and USD 50,000 for headquarter business units. No formal receipt and opening process is required.

For procurement value equal to or exceeding USD 5,000 for country offices, USD 10,000 for regional offices and USD 50,000 for headquarters business units, units must receive all offers in a secure manner as described below.

The designated procurement authority (Field office manager or Chief, PSB) must appoint an individual who is not directly involved with the procurement process to receive all offers using the [Authorization to receive offers form](#) as the main Bid Receiver of the office. A backup Bid Receiver must also be appointed by the designated authority in order to perform the tasks of the main Bid Receiver while (s)he is away from the office. The Bid Receiver(s) must be aware of the importance of confidentiality and integrity of the bid receipt process.

The procurement focal point of the business unit in consultation with the International Operations Manager/ Operations Manager (or equivalent personnel) must take action to create a dedicated email address to receive electronic submissions from the suppliers securely (one dedicated email address for informal and formal method of solicitation). The designated bid receiver and the backup must retain sole access (through password protection) to the dedicated email address.

The dedicated email address must be able to provide as a minimum an auto-reply acknowledging receipt of the first email submission from a given supplier; capacity of the auto-reply set-up must be clearly described in the solicitation documents.

### **The appointed Bid Receiver is responsible for the following:**

#### **For electronic submissions,**

The individual designated to receive offers must include the electronic offers in the bid receipt form corresponding to the specific solicitation reference and file it in a secure electronic filing system, if one exists, until the opening of the offers.

If a secure electronic system does not exist, the designated individual must a) print all offers received electronically; b) put them in a sealed envelope; c) include them on the bid receipt form corresponding to its solicitation reference with a note stating it was received by email; and d) place it in a locked container until the opening of offers. Only the designated person can have access to the container (for example a cabinet or safe).

**For mail/hand delivery,** the designated recipient of offers must a) stamp the outer envelope with the time and date of receipt, b) register the submission in UNFPA's [bid receipt form](#) corresponding to the specific solicitation reference, and c) place submissions in a locked container, such as a cabinet or safe, until the opening of offers. Only the designated recipient can have access to the container.

If offers are delivered by mail, the designated recipient must issue a receipt via email to the sender acknowledging receipt of the bid. The receipt must include the name of the sender, the number of envelopes and the time and date of receipt. In case the UNFPA facilities is not the initial reception point for the mail, the designated recipient must indicate the time and date of receipt at the initial reception point on the receipt.

If suppliers deliver offers by hand, the designated recipient must issue a receipt to the carrier; such receipt documentation should include the name of the sender, the number of envelopes and the date and time of delivery.

The Bid receiver must keep in a safe and confidential manner the offers received electronically and by mail/ hand as well as the Bid receipt report until the bid opening deadlines. The Bid receiver must handover the offers and the Bid receipt report to the bid opening panel at the bid opening deadline.

### **Late submissions:**

Submissions received after the submission deadline should clearly be marked as late bids in the bid opening report that will be handed over to the bid evaluation committee.

- Submissions received after the bid submission deadline and before the bid opening time are to be recorded in the bid receipt report and marked as late.
- Submissions received after the bid opening time do not need to be recorded on the bid receipt report.

As a general rule, late submissions should not be accepted as this contravenes the procurement principle of fairness and transparency. It is the responsibility of the bidders, not of UNFPA, to submit bids in a timely manner, as UNFPA is not responsible for last minute action from the bidders or for technical issues at the premises of the bidders.

On specific occasions, the head of unit may decide, at his/her sole discretion, to accept a late submission, if it can be demonstrated that doing so would not contravene the procurement principle of fairness and transparency.

Situations that may warrant acceptance of a late submission includes instances when bidders submitted their bid ahead of the bid submission deadline but there has been an abnormally long time between the time they submitted the bid and when it reached UNFPA. This may be an indication there was a transmission delay caused by the UNFPA internal systems.

In general, the head of unit should only accept late submissions when a thorough examination of the issue shows the cause of the delay might be due to reasons outside the control of the bidder, and hence UNFPA decides to give the bidder the benefit of the doubt.

## **7.2 Modification and withdrawal of submissions**

### **7.2.1 Modification of submissions**

A bidder may modify their offers in writing prior to the submission deadline. The bidder must submit the proposed modification as per the submission instruction on the solicitation documents, and UNFPA shall treat the proposed modification similar to any other offer; the respective envelope or email shall be clearly marked “MODIFICATION”.

UNFPA will not accept any modification to an offer after the submission deadline unless such modification is due to obvious errors or omissions as further described in [section 8.9.3](#).

### **7.2.2 Withdrawal of submissions**

UNFPA can only accept withdrawal of submissions by suppliers if the supplier notifies UNFPA in writing, in a sealed envelope or to the dedicated email, prior to the deadline for submission of offers. The designated UNFPA recipient will separate the withdrawn offer from the other bids/proposals prior to bid opening, and shall not open the bid.

UNFPA will not honor the withdrawal of any offer after the announced deadline, and in such cases UNFPA shall evaluate the offers together with the others. If the supplier has furnished a bid security, UNFPA shall withhold such security until the issue has been resolved.

If UNFPA selects the offer after an evaluation, the supplier must forfeit the bid security, unless the supplier is willing to provide the goods/services offered in its original submission. If UNFPA did not request a bid security, the issue must be resolved through negotiations with support from Legal Unit, if required, in order to resolve the matter.

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

Further, it should be considered whether it is in the interest of UNFPA to hold the supplier to its offer after the supplier has withdrawn, as it might perform poorly, for instance due to lack of capacity to undertake the assignment. The head of unit makes the decision whether or not to honor the withdrawal.

In cases where a supplier withdraws its offers after the deadline, UNFPA shall send the suppliers a written warning that this is not acceptable to UNFPA, and that it may exclude the supplier from future UNFPA tenders. A second warning to a supplier may result in exclusion from future tenders. The procurement personnel must consult with the Chief, PSB before issuing such warnings.

### **7.3 Unsolicited offers – Limited competition**

The concept of unsolicited offers applies only in limited tender processes, i.e., when a number of selected suppliers was shortlisted and invited to tender. In the case of open competition, all offers received are considered solicited.

In general, unsolicited offers (i.e., offers from suppliers UNFPA has not invited to participate) may be accepted as long as:

- 1) The supplier complies with all the requirements of the solicitation documents (i.e., the deadline for submission of offers, the mode of submission, and all other requirements), and
- 2) Upon the request of UNFPA, the supplier submits a written statement, certifying that the solicitation documents have been received from persons other than UNFPA personnel, and

documenting his/her relationship with the persons from whom s/he received the solicitation documents.

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

UNFPA may not accept any unsolicited offer if it conducted a pre-qualification exercise as the first phase of the procurement process.

If accepted, UNFPA must evaluate the unsolicited offer along with the other offers.

## **7.4 Opening and recording of submissions**

Bid receiving, bid opening and bid evaluation are three different and independent stages of a solicitation process and UNFPA offices must maintain a clear segregation of duties. The designated bid receiver shall never participate in the bid opening and at least one member of the bid opening panel must not participate in the subsequent stages of the procurement process (as mentioned below in section 7.4.1).

### **7.4.1 Opening of offers**

UNFPA offices must handle the opening of offers transparently in order to ensure it only evaluates valid offers and that it treats all suppliers in fair and non-discriminatory manner.

Normally, offers should be opened immediately after the deadline for submission, or shortly thereafter (within the next working day). Hence, it is recommended the address for submission is the same as the place where the opening of offers takes place.

When the same bidder has submitted several offers before the bid deadline superseding each other, only the last received offer shall be opened.

The designated Bid receiver must keep and handle offers in a confidential manner until the bid opening deadline. The Bid receiver under no circumstances shall share the offers from the bidders with the bid evaluation team or procurement personnel before the official bid opening takes place.

### **7.4.2 Bid opening panel**

UNFPA requires a bid-opening panel to open ITBs, RFPs and RFQs above USD 5,000 for country offices, USD 10,000 for regional offices and USD 50,000 for headquarter business units.

In order to ensure impartiality of the proposal opening process, UNFPA must form a bid-opening panel composed of at least two personnel (of which one may be from a different United Nations agency/fund/programme) for the opening of bids or proposals. At least one of the two individuals must not have any involvement in the subsequent stages of the procurement process. A

procurement specialist in the professional category (at PSB) or the head of unit must appoint the panel.

Under the two-envelope solicitation system, the same bid opening panel can perform both, the opening of the technical and of the financial bids. The bid-opening panel shall only open the financial bids once the relevant technical evaluation committee completes the technical evaluation and signs the corresponding technical evaluation report.

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

UNFPA procurement focal point shall provide the bid-opening panel, in advance, with a copy of the solicitation documents and subsequent amendments, if any, as well as the [bid receipt report](#). The bid-opening panel cannot reject or invalidate any offer at the time of bid opening. Only the bid evaluation panel can make such a decision at the bid evaluation stage. During bid opening meeting, the bid opening panel shall identify any immediately detected omissions or defects in the offers and record them in the [bid opening report \(ITB\)](#) or [bid opening report - technical \(RFP\)](#). Member of the bid-opening panel shall fill out and sign these reports. The bid-opening panel shall use the [designated template for one-envelope or the two-envelope](#), as appropriate, for recording the quotations received against RFQs.

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

### **7.4.3 Opening of quotations - RFQ**

Bid opening panel is required for the RFQs issued by the business units as follows:

- for headquarters business units only for RFQ values equal or greater than USD 50,000;
- for regional office business units for RFQ values equal or greater than USD 10,000;
- for other field office business units for RFQ values equal or greater than USD 5,000.

### **7.4.4 Opening of bids - ITB**

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

Bidders may attend the bid opening for the sole purpose of observing the proceedings. If the prevailing security situation in the country is such that public opening may pose a threat, the head of unit, after consultation with the relevant office's chief of security, may decide to waive public opening of the bids.

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



In order to be able to attend bid opening, agents representing bidders must provide reasonable evidence (business cards, letter of authorization, etc.) confirming the name of the bidder(s) they represent.

When opening the bids, a member of the panel must read aloud the name of the bidder and the total amount of the bid and record it in the [UNFPA's Bid Opening Report template](#). There are two different standard [bid opening report](#) templates for one-envelope and two envelope methods. This report, available to all bidders, must record the following information for each of the received bids:

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

UNFPA must complete a bid opening report whether the opening of bids is public (equal to or greater than USD 100,000) or not (below USD 100,000).

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

Each member of the bid-opening panel must sign the bid opening report and keep it on file for future reference. The report shall be available for a period of thirty days from the date of the opening to bidders who submitted offers and who request it.

UNFPA cannot divulge any information not included in the bid opening report to bidders.

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

#### **7.4.5 Opening of proposals – RFP**

Due to the two-envelope system a public opening is not necessary because the technical proposal is opened first. The designated recipient keeps the financial proposals sealed until the technical evaluation committee completes its evaluation.

The same bid-opening panel that opened the technical proposals can open the financial proposals after completion of the technical evaluation.

Upon receipt of the two envelopes, the individual in charge of receiving bids will forward all technical proposals to the bid-opening panel. During the opening, a member of the bid-opening panel reads the name of the bidder aloud and records it in the technical bid opening report which contains:

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

Each member of the opening panel must sign the technical proposal opening report. The file must be kept for future reference. The report shall be available for a period of thirty days from the date of the opening for bidders who submitted offers and who request it.

Once the bid-opening panel completes the proposal opening, the panel hands over the opened technical proposals to the technical bid evaluation committee, for the technical evaluation of the bids. After the completion of the technical evaluation, and prior to the opening of the financial proposals, it is not necessary or a requirement to contact bidders to attend the opening session.

Once the technical evaluation committee completes its review and the technical evaluation report, the financial proposals corresponding to the technical proposals meeting or exceeding the set qualification threshold are re-submitted to the bid-opening panel. The panel reconvenes in a separate opening session and proceeds with the opening of the financial proposals.

The bid-opening panel records the opening of financial proposals in a report containing the following information:

- 1) Bidder's name and country;
- 2) Description of the services/product(s);
- 3) Currency of bid, total bid price, and basis for quotation (Incoterm FCA, CPT, etc., if relevant). When a tender comprises several lots, total prices for individual lots must be recorded;
- 4) Discounts, if any proposed by the supplier;
- 5) Comments on incomplete bids or other matters observed by the bid opening panel;
- 6) Date and time of the opening;
- 7) Names of the UNFPA individuals present;
- 8) Names of any representatives of the client, government or funding source present (if applicable).

Each member of the opening panel signs the financial report and files it. Once the financial opening of the offer is completed, the report shall be available for viewing by bidders whose financial bids were opened for a period of thirty days from the date of the opening.

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

#### **7.4.6 Opening of proposals – secondary bidding**

The requesting unit must conduct a formal bid opening process for recording bids and proposals received against secondary bidding processes if the estimated expenditure is USD 50,000 or more. The designated template for one-envelope or the two-envelope should be used as appropriate. Refer to sections [7.4.4](#) and [7.4.5](#) for details. If the estimated expenditure is below USD 50,000, the bid opening should be handled as a standard RFQ process (refer to [section 7.4.3](#)).

Please note the slightly different secondary bidding approach for seeking quotations for freight services related to goods covered by LTAs (refer to [section 6.3.3.1](#)).

#### **7.5 Rejection of submissions**

Late bids and proposals, i.e. bids received after the date and time stated as the deadline for submission of offers, must be rejected by the bid opening panel and the supplier informed accordingly by UNFPA. Bid securities have to be returned to the bidders.

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

The exception to this rule will apply if:

- i. the supplier can provide clear evidence that every reasonable measure has been taken to submit the offer in time, but it did not reach UNFPA due to circumstances outside of the supplier's control (e.g. force majeure),
- ii. UNFPA is solely responsible for the delay (for example the registry did not hand-over in time bids submitted by mail, or there is evidence that the UNFPA mail system was down when the bidders tried to submit their bid). In such case, all bidders must be informed of the reason for accepting late bids.

Late bids can only be accepted by the Head of Office who shall verify beforehand that any of the conditions stipulated above for accepting late bids are met.

In the event of a bid being initially rejected by the bid opening panel and being subsequently accepted after bid opening having taken place, the bid opening report must be amended accordingly to reflect the inclusion of the additional bid. The UNFPA procurement personnel who has already shared with bidders a copy of the initial bid opening report must send to these bidders the amended bid opening report.

The CPO or other officers holding appropriate procurement authority may, in the interest of UNFPA, reject some or all bids or proposals for a particular procurement action (e.g., if there is

evidence of fraudulent action). UNFPA must record the reasons in writing. The CPO or other officers holding appropriate procurement authority shall then determine whether to undertake a new solicitation, or to directly negotiate a procurement contract pursuant to UNFPA [Financial Rule 115.5](#), or to terminate or suspend the procurement action, UNFPA [Financial Rule 115.4b](#)).

## **7.6 UNFPA-specific topics**

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

## 8. EVALUATION OF SUBMISSIONS

### 8.1 Overview

Evaluation is the process of assessing and comparing offers in accordance with the evaluation methodology stated in the solicitation documents to determine which offer represents the best value for UNFPA. As part of the evaluation, an evaluation committee reviews, compares and ranks valid bids (as determined by the bid-opening panel) and only evaluates offers against the technical and financial criteria defined in the solicitation documents. Under no circumstances can the unit or the evaluation panel alter the criteria, nor the evaluation method published with the solicitation document during the evaluation phase. Any alteration goes against the principle of transparency of the procurement process and conflicts with the principles of fair and equal treatment of suppliers.

The evaluation process culminates in a recommendation and a request to award a contract.

To ensure confidentiality and reduce the potential for fraud in the procurement process, the evaluation phase must not begin until after the submission deadline. In order to avoid giving the impression of impropriety, UNFPA should evaluate submissions as soon as possible after bid opening.

A timely completion of the evaluation is critical in order to ensure the procurement principles are safeguarded. Particularly in emergency setups or hardship duty stations, it can be challenging to ensure a prompt completion of the bid evaluation phase. UNFPA offices must make every possible effort to ensure a timely and reasonable completion of bid evaluation, even in emergency setups or hardship duty stations where it can be challenging.

Offices should typically evaluate bids:

- For RFQs above USD 5,000 for country offices, USD 10,000 for regional offices and USD 50,000 for headquarter units: *within one month* maximum from the submission deadline;
- For ITBs and RFPs: *within two months* from the submission deadline;
- For highly complex procurement: offices may need more time, however, evaluations should take place as soon as possible to safeguard procurement principles.

Units must ensure to evaluate all bids before the validity of the offer expires. This includes leaving sufficient time to seek approvals from the procurement authority and issuing the contract. If an offer expires, it is no longer valid for consideration or award. The procurement focal point must carefully monitor the expiration dates on the offers and, where needed, request suppliers to extend the validity of the bids or proposal until the process culminates in the signing of a contract or the issuance and acceptance of the corresponding purchase order.

The procurement focal point in consultation with the programme or operations personnel who owns the specific programme or administrative activity must establish an evaluation committee (refer to [section 8.2](#)). The International Operations Managers/ Operations Managers or the equivalent staff for field offices and the professional level staff at PSB for headquarters business

units must approve the evaluation committees established for RFPs, ITBs and RFQs of USD 50,000 or above in writing.

The evaluation process comprises the following steps:

- 1) Establishment of evaluation team;
- 2) Receipt of bid opening report;
- 3) Preliminary examination/ screening of the offers against formal criteria;
- 4) Technical evaluation (on all bids passing preliminary evaluation) to determine which bids qualify technically;
- 5) Post-qualification; i.e., verify capacity of the suppliers who ranked highest in the technical evaluation to perform a contract to the satisfaction of UNFPA (post-qualification is typically done for ITBs);
- 6) Commercial (financial) evaluation; (commercial/financial evaluation may be conducted before the technical evaluation for one-envelop solicitation processes);
- 7) Clarifications, from suppliers if required;
- 8) Identification of the winning offer;
- 9) Evaluation report;
- 10) Negotiation, if applicable.

## **8.2 Evaluation committees**

### ***Composition of Evaluation Committee***

The purpose of the evaluation committee is conduct a fair and unbiased evaluation a) to verify suppliers and their offers satisfy the solicitation documents requirements and b) to evaluate the offers according to predefined evaluation criteria set out in the solicitation documents.

The composition of the evaluation committee is as follows:

- RFQs at or above USD 50,000: at least two members (a chairperson and one member);
- ITBs and RFPs: at least three members (a chairperson and two members);
- The chairperson must always be a UNFPA staff member who has experience conducting bid evaluations and has a good understanding of the goods/services covered by the submissions under evaluation;
- An evaluation committee should not exceed five members.

Evaluation committee members shall provide objective and independent advice based on their knowledge of the specific subject matter.

### ***Minimum requirements that must be fulfilled during an evaluation process***

The head of the office or Chief, PSB, as applicable, may decide to adopt a stricter approach than mentioned below if deemed necessary:

- For informal methods of solicitations (RFQ and shopping) below USD 50,000: no formal evaluation committee needs to be appointed.
- For formal methods of solicitation and informal method of solicitation above USD 50,000:

- The same evaluation committee can conduct both the technical and financial evaluations even in the case of two envelope solicitation (RFPs and two envelope ITBs). Please note, the evaluation committee, under two envelope system, must finalize the technical evaluation and all members of the committee must sign the corresponding technical evaluation report before opening and proceeding to conduct the financial evaluation process;
- For formal method of solicitations conducted by field offices (field offices) one member of the committee should, if possible, be from another United Nations organization. The committee can be composed of members of the same unit. However, supervisor supervisee representation in evaluation committees should be avoided to the extent possible.
- For headquarters procurement (i.e., procurement conducted by PSB on behalf of headquarters business units) the evaluation committee should not be exclusively composed of members of the same unit and the chairperson must not be the supervisor of any of the evaluation members.

The procurement focal point carrying out the respective procurement process shall prepare evaluation documents in accordance with the evaluation criteria stated in the solicitation documents. The focal point is also responsible for briefing the evaluation committee members about their role and ensuring they are familiar with the applicable evaluation criteria.

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

- During bid evaluation, access to bids is restricted to the bid evaluation committee members only and to observers, if any;
- Bid evaluation committee members must not share offers, clarifications or any other information received from the bidders outside the bid evaluation committee.

Finally, the procurement focal person must instruct evaluation committee members to immediately indicate if they are in a real or potential conflict of interest situation with any of the suppliers (e.g., owning shares in supplier company, family relationship with suppliers, etc.), in which case they must be replaced on the evaluation committee.

Representatives from the funding source, the client organization, or national counterparts may be appointed as members or observers of the evaluation committee. However, UNFPA or United Nations personnel must always make up the majority in the relevant evaluation committee.

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

When evaluation committee members are not located in the same place/country, it is recommended that they have a conference call prior to finalizing the scoring to discuss the scores given to suppliers in order to avoid situations of extreme disparity and inconsistency in the scoring that could result in unfair disqualification of bidders or in unqualified bidders being deemed qualified.

All observers or members in the evaluation committee who are not United Nations personnel must sign the [confidentiality and no conflict of interest statement](#) prior to the evaluation.

### 8.3 Evaluation criteria

There are three categories of evaluation criteria:

- 1) Formal criteria;
- 2) Technical and qualification criteria;
- 3) Commercial (financial) criteria.

#### 8.3.1 Formal criteria

During the preliminary evaluation, the evaluation committee checks the offers for compliance with the formal criteria and conditions outlined in the solicitation documents such as:

- Offers have been properly signed or include documents indicating the offer is authentic (the evaluation committee must reject any unsigned offer submitted without accompanying evidence of the authenticity of the offer). If the person who signs on behalf of the authorized representative (i.e., the name of the signature is different than the typed name), the evaluation committee must verify s/he has delegated authority to sign;
- Offers are accompanied by the required securities, if applicable;
- Supplier is eligible, e.g., duly registered if pre-registration is a requirement, not suspended, etc.;
- Offers are accompanied by the required documentation;
- Offers are complete, etc. (solicitation documents must clearly state whether partial bids for a given component or lot are accepted);
- Offer includes evidence the bidder accepts the essential components of the [UNFPA General Conditions of Contract](#). If the bidder proposes any changes, the Legal Unit must assess and provide input on the proposed changes.

The evaluation committee must reject any offers not meeting the formal criteria. It is therefore important the procuring unit carefully consider the formal criteria to include in the solicitation documents before their issuance as it is undesirable to conduct a solicitation process in which no supplier is likely to meet the formal criteria.

Once the evaluation committee concludes its preliminary examination to ensure the offers meet the formal criteria, the committee begins its technical evaluation and verification of qualification requirements before moving on to evaluate its commercial (financial) evaluation.



### 8.3.2 Technical and qualification criteria

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

Depending on the nature and complexity of the procurement under review, the proposal may either include a summary of the technical criteria or consist of a long and precise description.

The technical and qualification requirements developed by the relevant programme/ operations staff and the procurement personnel as part of the terms of reference drafting, and included in the solicitation document, will be evaluated by the evaluation committee. The evaluation can consist of a) compliance/ no-compliance if the requirements are simple pass/fail criteria or b) weighted scoring methodology if the requirements cannot be defined as pass/fail criteria; instead scores will be given to a number of criteria such as firm experience, approach and methodology proposed to reach the expected results, etc, (refer to [section 8.4.3](#), Evaluation methods). When the tender document contains mandatory requirements, scoring shall never be performed on such requirements, as these shall always be assessed using a compliance/non-compliance methodology.

Technical and qualification criteria consist of requirements the bidder must always meet, such as but not limited to:

- 1) Technical compliance to specifications;
- 2) Business license: Copy of a current license in the country of legal domicile as a primary manufacturer of the offered commodity (or a letter from the primary manufacturer authorizing the company as sole agent to bid for and on behalf of the manufacturer). For companies providing services, a copy of the current license to conduct business in the country of legal domicile shall be provided;
- 3) Manufacturing and quality certification: If applicable, certification that the commodities are manufactured according to European Standards (CE), International Organization for Standardization (ISO, including applicable standard number), WHO, and/or Good Manufacturing Practices (GMP) standards. Other certification, for example by the United States Food and Drug Administration (FDA) and the European Commission (EC), may be provided if required;
- 4) Previous experience in a similar field and with the same or similar type of requirements: list of major contracts completed within the last three years, especially large institutional contracts with national or private sector purchases (i.e., WHO, UNICEF, UNDP, etc.). Any pending legal claims against any United Nations organization must also be disclosed;
- 5) Experience in the geographical region;
- 6) Minimum required turn-over;
- 7) Minimum requirements regarding value of previous contracts;
- 8) Financial stability: audited financial statements from the past three years of operation. Minimum financial profitability and liquidity ratios such as quick ratio (ratio of current assets and current liabilities) to be no less than one. If the quick ratio is less than one, the procurement focal point must assure, through other means, that the supplier can execute the contract without incurring financial problems;

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

### 8.3.3 Financial criteria

Price is an important evaluation criterion but the weight of the price depends on the chosen evaluation methodology. It is important to clearly state in the solicitation documents which price factors will be used for evaluation. Various factors such as freight cost, operational cost, incidental or start-up costs, as well as life cycle costs could be taken into consideration.

For services, UNFPA should provide a template with the solicitation documents for the bidders to provide the breakdown of their price proposal. In all cases, required breakdown as well as evaluation criteria must be clearly stated in the solicitation documents.

When the goods or services purchased are for UNFPA's official use (i.e., administrative expenditures such as office furniture or goods and services to be used for a UNFPA-assisted programme), taxes and duties must not be taken into account for the purpose of financial evaluation. This is because UNFPA is exempt from taxes and therefore, units must not pay taxes to its vendors. Refer to section [11.2.2](#). Thus, (Delivered Duty Paid (DDP) Incoterms must not be specified in the solicitation document, unless special approval to use DDP Incoterms has been obtained from the Chief, PSB further to a risk assessment and consultation with the Finance Branch.

For third party procurement only: the funding source in the case of third party procurement, may request UNFPA to pay to the supplier the costs of the duties payable for the import of the goods. Only in the following circumstances can UNFPA take taxes and duties into account during a financial evaluation:

- 1) The agreement with the TPP customer allows for such reimbursement and the funding source has provided UNFPA with funds for the reimbursement of such taxes and duties;
- 2) Funds for the services are made available solely by the relevant TPP customer or TPP funding source, as applicable;
- 3) The UNFPA service constitutes a direct service to the TPP customer (excluding other United Nations customers) for procurement only as procurement agent;
- 4) Goods are not to be used by UNFPA and are immediately transferred to the TPP customer on consignment in the country.

The field office is responsible for carefully reviewing all documentation to see if all conditions are met. Once it undertakes an initial review, the UNFPA field office must submit all supporting

documents, together with a note confirming the required conditions are met, to the Legal Unit for review and clearance.

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

## 8.4 Evaluation methodology

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

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

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

### 8.4.1 Selection and award

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

For RFQs below USD 50,000, the evaluation team can recommend awarding a contract to a higher priced offer IF the technical qualities are superior to a lower priced offer AND, the price difference is less than 10% of the lower offer. All other contracts follow these procedures.

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

- 1) More than 70 per cent of the score; and
- 2) Less than the weight of the financial proposal.

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

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

When determining whether to split the contract, the committee must compare the possible savings from purchasing items at a lower price with the overall transaction cost UNFPA will incur for placing several contracts. UNFPA must also take into account the supply chain, logistical, compatibility, and warranty issues related to the contracts.

### **8.4.2 Material deviation**

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

A material deviation is one that:

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

*Note:*

Failure to submit non-historical documents (documents specifically prepared in response to a solicitation) by the bid receipt deadline constitutes a material deviation. Nevertheless, if a required non-historical document is missing, but all the information therein requested can be found elsewhere in the bid, the requirement is considered fulfilled, and at the time of evaluation UNFPA shall request the bidder to submit the information in the correct document and format.

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

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

UNFPA bid evaluation committee chairpersons shall identify material deviations during each phase of the bid evaluation process: Preliminary examination/ screening, technical evaluation, and commercial evaluation, as described in the next sections.

Any other deviation should not be considered as material, i.e., clarifications may be requested by the bid evaluation committee and bidders may submit missing historical documents (i.e., documents not specifically linked to the tender and that the bidders can demonstrate they were in possession of prior to the bid receipt deadline).

Note:

When the evaluation committee requests bidders to submit clarifications or missing historical information or documents, it is important to give bidders an acceptable deadline. Once the deadline has past, if the evaluation committee deems the bid is not substantially responsive, it shall be rejected and may not subsequently be made responsive by the bidder through correction of the material deviation, reservation, or omission.

### 8.4.3 Evaluation methods

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

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

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

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

*Table 7: Various evaluation methods*

REQUIREMENT	SOLICITATION DOCUMENT	EVALUATION METHOD	ONE/TWO-ENVELOPE SYSTEM
Under USD 5,000 (USD 10,000 for headquarters or regional offices)	None	Lowest priced most technically acceptable	Shopping; no requirement for written offers
Equal to or greater than USD 5,000 (USD 10,000 for headquarters or regional offices) below USD 100,000	RFQ	Lowest priced most technically acceptable or cumulative analysis methodology if a two-envelope solicitation has been used	For services, a two-envelope approach can be used

REQUIREMENT	SOLICITATION DOCUMENT	EVALUATION METHOD	ONE/TWO-ENVELOPE SYSTEM
Equal to or greater than USD 100,000 for goods or services, with standard or firm specifications which can be expressed qualitatively and quantitatively	ITB	Lowest priced, substantially compliant. Compliance defined as substantially compliant (no material deviation)	One envelope (default method)
		Lowest priced, substantially compliant. A point system with a minimum threshold defining compliance.	Two-envelope
Equal to or greater than USD 100,000 for goods or services, with requirements that cannot be quantitatively and qualitatively expressed	RFP	Cumulative analysis. All factors considered, most responsive offer to the requirements set forth in the solicitation documents.	Two-envelope

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

When using this methodology, price serves as the overriding evaluation criterion upon which to award a contract for the goods or services that meet the stated requirement(s). However, it should be borne in mind that this methodology does not permit the selection of a substantially non-compliant proposal if a substantially compliant offer exists. When it comes to complex procurement of services channeled through RFQs where the cumulative analysis method is used, i.e., a total score is obtained upon the combination of weighted technical and financial attributes of quotations. The bidders' offers are evaluated and points granted based on how well the offers meet the criteria defined in the RFQ. The minimum acceptable technical score, in order for the quotation to be considered, shall be anywhere from 50 to 70 per cent, as determined by the procuring unit and clearly indicated in the RFQ document.

The evaluation panel shall evaluate the offers even in cases where less than three quotations have been received. The potential reasons for not receiving three quotations and the actions that shall be taken to reduce the probability of facing similar situations in the future must be recorded in the request for award form.

If none of the offers received fully meets the requirement **because the specifications were unclear or insufficiently developed**, the proper course of action is to re-tender.

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

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

- 1) Requirements are clear and can be quantitatively and qualitatively defined;
- 2) Compliance is easy to determine;
- 3) Price/cost of substantially compliant offers is the overriding evaluation criterion.

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

- 1) Determine which offers are substantially compliant, and reject non-substantially compliant offers. Only bids offering goods/services meeting or exceeding the requirements in the specifications and the qualification requirements shall be considered substantially compliant;
- 2) Choose the lowest cost offer among the substantially compliant offers.

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

- **Determination of compliance**

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

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

- **Selection of the lowest priced, substantially compliant offer**

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

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

Various price factors to be considered:

- Freight:

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

- Life-cycle costs:

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

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

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

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



In practice this means that in situations where a bidder has offered the lowest evaluated bid price (i.e., the L1 bidder) for more than one lot in the same tender or group of linked tenders and at the post-qualification stage of the evaluation it is determined that the bidder does not meet some post-qualification requirements for the offered lots (e.g., turnover requirement, etc.), UNFPA shall proceed as follows:

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

Note:

(Evaluation in batches for ITBs): If a large number of bids is received in response to an ITB making technical evaluation of all the bids impractical, bids may be evaluated in batches to reduce the evaluation time and transactional costs.

Once commercial (price) evaluation has been completed for all bids having passed the preliminary examination stage, a master table containing bid prices and corrected bid prices must be prepared. The evaluation team may then decide to admit to technical evaluation a batch consisting of the “N” lowest bids, after price correction (where “N” is decided upon by the evaluation team: normally between three and five bids).

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

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

#### ***8.4.3.3 Cumulative analysis methodology (RFP)***

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

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

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

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

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

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

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

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

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

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

Where:

p = points for the financial proposal being evaluated

$y$  = maximum number of points for the financial proposal  
 $\mu$  = price of the lowest priced proposal  
 $z$  = price of the proposal being evaluated

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

### **8.5 Preliminary screening**

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

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

- 1) Lack of proper bid securities in terms of change in the wording, amount, validity period. Change in the wording that is consistent with the prescribed format is not a material deviation;
- 2) Absence of bid form, change in the wording or lack of signature of key portions of the bid form when this is clearly specified in the tender document as a requirement. Change in the wording that is consistent with the prescribed format is not a material deviation. Similarly, when bidders have signed most forms, but one or two are missing a signature, which demonstrates an obvious oversight, bidders should be given a day or two to provide the signed forms. This is provided that allowing this extra time would not result in any unfair advantage while rejecting the bid at that stage would go against the principle of effective competition;
- 3) The bidder indicates in the offer that it does not accept important contract conditions;
- 4) Non historical documents (documents specifically related to the tender and that the bidder could not be expected to possess before the solicitation document was issued; e.g., a bid security) required in the solicitation document have not been provided;
- 5) Non eligibility of the bidder;
- 6) Financial information is included in the technical proposal when using the two-envelope method or in the case of a one-envelope ITB, required price components are missing.

### **8.6 Commercial (financial) evaluation**

Commercial (or financial) evaluation is the process of comparing the offers with the financial criteria stipulated in the solicitation document and determining the price to base the evaluation upon.

### **One-envelope solicitation (ITBs):**

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

Prior to price comparison the bid evaluation committee must correct arithmetical errors on the following basis:

- 1) If there is a discrepancy between the unit price and the line item total that is obtained by multiplying the unit price by the quantity, the unit price shall prevail and the line item total shall be corrected, unless in the opinion of UNFPA there is an obvious misplacement of the decimal point in the unit price, in which case the line item total as quoted shall govern and the unit price shall be corrected; and
- 2) If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
- 3) If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to a) and b) above.

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

If the supplier offers early order/placement, or early payment discounts, this is usually not taken into account in the evaluation unless clearly stated in the solicitation document. However, the discounts can be taken advantage of if offered by the selected supplier (i.e., the supplier is selected based on the regular price without taking discounts into account, but when placing the order, any available order placement discounts are taken advantage of, if possible). However, duration of the validity of the discounts must be considered, too.

Quantity discounts are taken into account in the evaluation, and must be evaluated as a separate offer.

The final price comparison in one single currency must take into account corrected errors, discounts, and any required adjustments.

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

- 1) The bidder does not accept the required price correction as per the condition of the solicitation document (in which case the bid security of the bidder that submitted the lowest evaluated bid may be forfeited);
- 2) Required price components are missing;
- 3) The bidder offers a price for less quantity than what is required unless in the opinion of the relevant evaluation committee this is due to an obvious mistake, typo or oversight (e.g., one zero missing).

### **Two-envelope solicitation (RFP and some ITBs):**

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

During financial evaluation, a deviation would be considered material when required price components are missing or deviate from the requirements (e.g., less number of days for consultancy than requested are offered and priced, except in cases where the solicitation documents allow for fewer days to be offered, provided the same quality and quantity of deliverables can be achieved).

## **8.7 Technical evaluation**

### **8.7.1 Technical compliance evaluation**

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

### **One-envelope solicitation (ITBs):**

Bids received in response to a one-envelope solicitation must be rejected when they contain material deviation, i.e. when the specifications of the items quoted vary in one or more significant aspect(s) from the minimum required technical specifications making the item not fit for purpose.

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

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

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

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

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

## 8.7.2 Supplier qualification

### One-envelope solicitation (ITBs):

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

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

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

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

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

The following aspects could be considered for supplier qualification purposes:

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

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

Bidders shall be disqualified if they have made misleading or false representations in the forms, statements and attachments submitted as evidence of the qualification requirements; and/or record

of poor performance such as, not properly completing the contract, inordinate delays in completion, unusual litigation history, financial failures etc.

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

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

### **Two-envelope solicitation (RFPs and some ITBs):**

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

## **8.8 Further aspects of evaluation**

Indication of potential wrongdoing by suppliers

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

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

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

Allegations of potential collusion by or among suppliers shall be reported by UNFPA personnel in accordance with the [UNFPA Policy against Fraudulent and other Proscribed Practices](#) and the [UNFPA Policy for Vendor Review and Sanctions](#).

## **8.9 Discussion with suppliers**

### **8.9.1 Clarifications from suppliers**

In principle, offers shall be evaluated based upon the information provided in the offer. However, after the submission of offers, clarifications to the offers are sometimes required from suppliers in order to be able to conduct a proper evaluation process. The purpose of such clarifications is to

clarify any aspects of the offer, and not to add or delete aspects of the offer, or otherwise modify any portions of the offer.

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

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

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

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

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

### **8.9.2 Complaints**

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

The head of unit shall appoint an independent person who is not involved in the procurement process to receive complaints from the bidders. The appointed focal point must communicate the complaints received to the respective chairperson or the procurement personnel for further review and providing a feedback.

Depending on the nature of the complaints received, the chairperson, or the procurement personnel for RFQs below USD 50,000, should consider seeking advice from a procurement specialist at PSB before replying. PSB will seek legal advice from the Legal Unit, as appropriate.

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

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



### 8.9.3 Modification of offers

As outlined in [section 7.2.1](#), suppliers may modify their offers in writing prior to the submission deadline. The modification shall be submitted as per the submission instructions, and shall be treated like any other offer by UNFPA.

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

- 1) Errors in totaling price: The unit prices will prevail, when errors in totaling have been made.
- 2) Apparent errors in price: UNFPA is not responsible for errors in price made by suppliers. However, prices shall be verified in cases where there is reason to believe that there is an error (price too low, too high etc.). The supplier shall then be informed that revision of the original price is prohibited (unless the UNFPA evaluation committee is of the opinion that there is an obvious typo), and that non-compliance shall result in rejection of the offer. If the supplier confirms that the original price is correct, the evaluation can proceed without further question. However, should the supplier acknowledge that the price is incorrect; the offer will have to be rejected, in order to adhere to the principle of fair and equal treatment of all suppliers.  
The communication with the supplier must be in writing and kept on file for the record in order to facilitate audits.
- 3) Failure of suppliers to provide a piece of information: This shall normally not require immediate rejection of the offer as long as it does not constitute a material deviation. If the supplier does not provide the information upon request, within a stated time limit, the offer shall be rejected. The supplier should be notified accordingly in writing and all communication on the matter be kept on file.

### 8.9.4 Negotiations

Negotiations are discussions with a supplier after selection of the supplier, but as a general rule, prior to award of contract (that means before submitting the case to the applicable contract review committee or the procurement authority for award approval, as applicable), with the purpose of ensuring best value for money for UNFPA in the procurement process without compromising the principle of fair and equal treatment of all suppliers.

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

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

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

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

Negotiation with the selected supplier should be finalized before submitting the cases to the relevant contract review committees or the appropriate procurement authority for review and approval, as applicable.

In the rare event that price negotiations take place after the award of contract (e.g., negotiations on specific conditions of contracts), the outcome of the negotiations must be recorded to ensure proper audit trail. In the event that such negotiations result in a price increase and a decision is made to maintain contract award to the same supplier, the case should be re-submitted to the appropriate procurement authority. Re-submission to the relevant contract review committee is required in accordance with [section 9.4](#) of these Procurement Procedures.

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

### **1) When dealing with RFPs**

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

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

- a) If provided for in the solicitation documents, and
- b) With the supplier presenting the winning proposal.

In the negotiations, any deficiency in the offer must be pointed out to the supplier. The supplier must be allowed to make adjustments in the proposal in order to improve and more clearly specify the contents of the offer. However, under no circumstances shall the requirements (terms of reference/specifications) be changed.

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

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

*Note:*

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

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

Negotiations with the other bidders are not permitted. Proper justification must be provided explaining the reason why negotiations are conducted in the particular case. Under no circumstances may negotiations take place for the sole purpose of reducing prices, unless there is a valid reason, as this would contravene the principle of equal and fair treatment of all suppliers.

## 2) When dealing with ITBs

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

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

*Note:*

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

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

However, in cases where the quantity is substantially increased, or if the market price of the goods is likely to or may have dropped substantially between the deadline for the

submission of bids, and the date of completion of the evaluation, re-tendering should be the preferred option.

### **8.9.5 Best and final offer (BAFO)**

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

#### ***8.9.5.1 BAFO when dealing with RFPs***

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

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

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

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

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

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

### **8.9.5.2 BAFO when dealing with ITBs**

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

When the conditions for requesting a BAFO are met (refer to [section 6.3.3.1](#)), the chairperson of the bid evaluation committee shall issue a written request to the lowest substantially compliant bidders to submit their best and final bid within a specific date and time. Suppliers shall be informed that:

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

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

The BAFO shall be submitted to a secure email.

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

## **8.10 Recommendation**

Results of the evaluation shall be documented in an evaluation table and summarized in the evaluation report.

The evaluation report documenting the evaluation process shall be signed by all the members of the evaluation committee and kept on file for future reference. The evaluation report must be dated, identify the process to which it relates and the name of each signatory, their official title and the organization must be printed under the signature.

The evaluation report will later be used as the basis for the recommendation of award. An evaluation report typically contains a summary of the evaluation process and its individual steps as outlined above including the point allocation for each offer, if applicable. Important evaluation criteria must be reflected in the evaluation report. Any rejection, non-compliance, and clarifications of offers must be clearly stated, including a list with the final ranking of the offers and the reasoning on how the winning offer(s), was/were selected.

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

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

### **8.11 UNFPA-specific topics**

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

## 9. PROCUREMENT PROCESS REVIEW AND DECISIONS

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

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

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

- one UNFPA contracts review committee at headquarters (“CRC”);
- [UNFPA local contracts review committees at field offices (“LCRCs”).]

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

- UNDP local contracts, assets and procurement review committees (“UNDP CAPs”) at field office locations are designated as equivalent to UNFPA LCRCs and recognised as the default LCRC of UNFPA (as UNFPA pays UNDP for this service);
- Alternatively, Local review committees at field office locations established on the basis of cooperation with other United Nations organizations or agencies are designated as equivalent to UNFPA LCRCs;
- Headquarters review committees or similar review committees of another United Nations organization or agency to which UNFPA has delegated the authority to review UNFPA procurement proposals are designated as equivalent to the UNFPA CRC.

The composition and terms of reference of the UNFPA CRC and LCRCs (refer to [section 9.1.2](#)) as well as the types and monetary values of procurement actions subject to CRC and LCRC (refer to sections [9.4.1](#) and [9.4.2](#)) review are described in this chapter.

### 9.1 Organization of procurement review

#### 9.1.1 Preparation of submission for review and award

In order to facilitate the review process and subsequent award by the officer holding appropriate procurement authority, documentation must be prepared summarizing the procurement activity including all procurement actions taken, providing adequate justification whenever standard procedures have not been followed, and establishing how the procurement activity has complied with the procurement principles and applicable policies and procedures. In addition, for procurement values of USD 200,000 or more, the responsible procurement personnel in cooperation with relevant programme staff shall develop a [risk matrix for the contract implementation](#). This document shall be attached to CRC submissions. The documentation is an important part of the procurement file, and care must be taken to ensure that the documentation provides a complete and exact picture of the actual process.

The documentation shall be prepared by the procurement personnel responsible for the procurement process. The same person is responsible for ensuring that the information is correct.

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

### **Headquarters procurement**

- For requests for awards further to informal methods of solicitation equal to or greater than USD 10,000 and less than USD 100,000, the applicable [Request for Award Form](#) must be used;
- For requests for awards further to formal methods of solicitation equal to or greater than USD 100,000 and less than USD 200,000, the applicable [Request for Award Form](#) must be used;
- For cases that require CRC review, [online tool for submission to CRC](#) must be used. The CRC will provide advice to the CPO who will make the award decision. Refer to [section 9.4.2](#) for scope of CRC review.

### **Local procurement**

- For requests for awards further to informal methods of solicitation equal to or greater than USD 5,000 (USD 10,000 for ROs) and less than USD 100,000 (LCRC review required from USD 50,000, refer to [section 9.4.1](#)), the applicable [Request for Award Form](#) must be used;
- For requests for awards further to formal methods of solicitation equal to or greater than USD 100,000 and less than USD 200,000 (LCRC review required from USD 100,000, refer to [section 9.4.1](#)), the applicable [Request for Award Form](#) must be used (when LCRC review is not required);
- For cases that require LCRC review, the [applicable tool for LCRC](#) submission must be used. The LCRC will provide advice to the field office manager who will make the award decision. Refer to [section 9.4.1](#) for scope of LCRC review;
- For cases that require CRC review, [online tool for submission to CRC](#) must be used. The CRC will provide advice to the CPO who will make the award decision. Refer to [section 9.4.2](#) for scope of CRC review.

### **Important considerations:**

- 1) Submissions of award requests to the officer holding procurement authority when effective competition is not achieved:

When less than three responsive bids or proposals have been received further to the use of formal methods of solicitation, in order to ensure that prices are deemed competitive, the [request for award](#) must include the following:

- Likely reasons for the lack of at least three responsive bids; and;
- Justification of the reasonableness of the price (through market survey, benchmarking with previous purchase prices, comparison with market prices, etc.), and;
- Plan of action to improve competitiveness of the market in the future.



- 2) If the proposed award of contract carries a freight component, the procurement personnel must clearly indicate the total value of the freight component, the mode of transportation selected and the justification for selecting the specific mode of transportation.
- 3) Self-contained submission forms:  
Great care must be taken in completing the online submission form, ensuring that submissions are self-contained and do not offer contradictory information. A submission which is incomplete or contains contradictory information often leads to CRC having to seek clarification, thereby unnecessarily creating additional work and slowing the review process. Each required field in the submission must be completed.

### 9.1.2 Terms of reference

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

- 1) the regulations, rules, policies and procedures of UNFPA relating to procurement;
- 2) the procurement principles as per UNFPA [Financial Regulation](#) 15.2 (refer to [section 1.3](#)).

The CRC also functions as the UNFPA headquarters property survey board regarding disposal of equipment as defined in the [Policy and Procedures for Fixed Asset Management](#). The terms of reference of the UNFPA headquarters property survey board are included in the [Policy and Procedures for Fixed Asset Management](#).

The LCRC and CRC do not review or provide advice on the necessity or prudence of the requirement. Such responsibility rests with the officer holding procurement authority to approve the requisition.

Where a procurement action requires review, no contractual or financial commitment must be entered into with the selected supplier before such review has been completed and a final decision on the award has been taken by the relevant officer holding procurement authority.

## 9.2 Membership/composition/minimum training requirements

### 9.2.1 Composition of local contracts review committee (LCRC)

As the default option, each UNFPA field office should submit procurement proposals requiring LCRC review to existing UNDP CAPs. To that effect, UNFPA field offices have access to the [UNDP CAP Online application](#) and may submit their LCRC cases (except for post facto cases) to the online UNDP CAP system for review by UNDP. Note: access to the system is given on a case by case basis.

UNFPA shall reimburse the relevant UNDP field office the costs incurred in connection with the CAP review based on:

- Actual time spent by UNDP personnel involved in CAP review (and within the average review time allocations provided in the guidance note attached to the agreement) and;
- The local price list (“LPL”).

On an exceptional basis and subject to a strong justification, the CPO may establish a UNFPA LCRC in the event that there are neither a UNDP CAP in the country to review the UNFPA cases, nor other review committees, established jointly by United Nations organizations or agencies. The field office manager must present a request through its regional office to the CPO with a detailed justification for authorization to set up a separate UNFPA LCRC. This request should have the prior written support of the resident coordinator. The decision and authority to establish this request lies with the CPO.

Note: in the event the UNDP CAP in the country is not willing to review the UNFPA cases, the head of unit should immediately notify the Chief, PSB who will escalate the matter further to the UNDP Director of ACP.

The LCRC established by UNFPA requires a quorum of: two members and a chairperson appointed by the field office manager, as well as a secretary. For obvious reasons, the chairperson of the LCRC cannot be the field office manager considering that the field office manager is the procurement authority to whom LCRC will provide advice related to recommendations of contract award. At least one of the LCRC members should be a professional staff member of another United Nations organization or agency, preferably UNDP. Any individual involved in the procurement action being reviewed shall be barred from any participation in the deliberations on the submission concerned.

Where neither a UNFPA LCRC, nor a UNDP CAP, nor any other review committee, established jointly by United Nations organizations or agencies, can consider the case, submissions may be routed to the Chief, PSB for review and endorsement.

### 9.2.2 Composition of contracts review committee (“CRC”)

- **Chairperson:** The chairperson and alternate chairpersons shall be appointed by the CPO:
  - The chairperson, or an alternate chairperson in the absence of the chairperson, shall chair the meeting of the CRC;
  - Acting chairperson: If neither the chairperson nor an alternate chairperson is able to attend the CRC meeting, the members present at the meeting may elect an acting chairperson from among the members to chair the meeting. However, in this case the requirement for a quorum as described below remains;
- **Members:** The CPO appoints the CRC members. Appointed members must plan they work accordingly to ensure they can fit their CRC related functions in their normal work hours. Cancellation of meeting attendance without a valid reason is not allowed. Last minute cancellations must absolutely be avoided as finding substitutes can be challenging and

limited time is provided to the identified substitutes to get familiar with the case. This, therefore, would jeopardize the purpose of the whole CRC review. Furthermore, CRC members have to acknowledge the relevant CRC meeting minutes without undue delay, as delays have a negative impact on country programme implementation or UNFPA reputation with third party procurement clients. (*Note*: new CRC members must be appointed at least two months prior to the expiration of the period of appointment of the current CRC members, to avoid situations where the new CRC members have no time for training and learning);

- **CRC secretariat:** The Chief, PSB, is the CRC secretary. He or she may designate alternate CRC secretaries.
- **The (alternate) CRC secretary:**
  - forwards the draft submission, approved by PSB (see below under PSB), to the Legal Unit for review of the draft submission;
  - when the draft submission is cleared by the Legal Unit and ready for review by the CRC, clears the draft submission for review by the CRC;
  - administers the CRC, including any electronic and/or paperless CRC application;
  - convenes the CRC meetings;
  - shall ensure that meetings of the CRC are audio recorded;
  - prepares the review documentation;
  - forwards the review documentation as approved by the (acting) chairperson to the CPO.
- **The Chief, PSB,** or any of the personnel assigned to PSB and designated by him or her (“PSB”):
  - provides procurement related advice and support to the submitters to ensure that submissions comply with these Procurement Procedures;
  - reviews the draft submission to ensure that it complies with these Procurement Procedures; when the draft submission is ready for review by the Legal Unit, clears the draft submission and alerts the CRC (alternate) secretary;
  - participates *ex officio* in the deliberations of the CRC.
- **The Legal Unit:**
  - reviews the draft submission to ensure that it is conclusive on its face (e.g., use of correct exceptions under UNFPA [Financial Rule](#) 115.5; appropriate substantiation of exceptions under UNFPA Financial Rule 115.5; sufficiency of documentation);
  - participates *ex officio* in the deliberations of the CRC.

**Advice and guidance:** The Chief, PSB, provides procurement related advice, and the Legal Unit provides legal advice to the CRC. While not members of the CRC, the Chief, PSB, and the Legal Unit or their delegated representatives, shall be present at meetings *ex officio* to provide such advice.

The CRC requires a **quorum of three CRC members**, a (alternate) chairperson, and a (alternate) secretary. The majority of the quorum must not serve in the same division as the chairperson.

### 9.2.3 Conflict of interest

At the time of appointment to the CRC, the (alternate) chairperson and members are required to sign the [Declaration of Impartiality form](#).

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

### 9.2.4 Minimum training requirements for newly appointed CRC members

Minimum training requirements for newly appointed CRC members include:

- 1) Attend as observer at least one CRC meeting before becoming a member;
- 2) Complete the [Level 1 online procurement training](#);
- 3) Complete the Ethics, Integrity and Anti-Fraud training;
- 4) Complete the ICF (Internal Control Certification) programme;
- 5) Attend the specific PSB developed training for CRC members (approximately two to three hours) with focus on:
  - a) The importance of the basic procurement principles;
  - b) The notion of material deviation;
    - i. The "spirit of the rules" versus the "letter of the rules";
    - ii. Review of one or two previous CRC cases emphasizing the above points;
    - iii. "Dos" and "Don'ts" for CRC members.

## 9.3 Organization of work/schedule

### 9.3.1 Schedule of LCRC

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

### 9.3.2 Schedule of CRC

The secretary convenes the meetings on a weekly basis.

CRC meetings may be convened on an urgent basis should operational requirements make it necessary. In such cases, the Chief, PSB shall submit an appropriate request to the (alternate) chairperson. In his/her request, the Chief, PSB shall provide the reasons for the urgency. The

urgency should not be a result of poor planning or management or concerns over the availability of funds.

## 9.4 Scope of review

Important: please refer to [section 1.1.2](#), sub-section “Calculation of financial limits/thresholds”, for the definition of the financial thresholds which are referred to in the following paragraphs.

If the requested award of contract carries a freight component, the procurement process review committee must pay attention to the value of the freight component, the mode of transportation selected and the justification provided for selecting the specific mode of transportation as part of the process review.

### 9.4.1 Scope of review – LCRC

The following procurement actions require review by the LCRC<sup>19</sup>:

- Proposed award(s) to a supplier, further to the use of formal methods of solicitation, for the purchase or rental of goods, services, renovation or construction, having a value equal to or greater than USD 100,000 but less than USD 200,000.
- Proposed award(s) to a supplier further to the use of informal methods of solicitation, for the purchase or rental of goods, services, renovation or construction, having a value equal to or greater than USD 50,000 but less than USD 100,000. Refer [Real Estate Management Policy](#) for further details on the purchase of real estate;
- Proposed amendments or series of amendments to contracts, previously recommended by LCRC, which in aggregate have a value equal to or greater than USD 50,000 or which would increase the amount of the contract by more than 20 per cent, whichever is less.

*Note:*

- This is provided that the same unit prices as in the original contract apply to the increase of quantity or of scope of work,
- If the aggregate amount of the original contract and amendments equals or exceeds USD 100,000, the case should be reviewed by CRC;
- Any proposal for the renewal of an award previously reviewed and recommended for approval by the LCRC;
- LTAs further to the use of formal methods of solicitation for goods and services estimated to have a value in a calendar year equal to or greater than USD 100,000 but less than USD 200,000. Any LTA that could reasonably be relied upon by other UNFPA locations must be reviewed by the CRC regardless of the estimated procurement amount as the cumulative amount over a calendar year may exceed USD 100,000;
- LTAs further to the use of informal methods of solicitation for goods and services estimated to have a value in a calendar year equal to or greater than USD 50,000 but less than USD 100,000;

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<sup>19</sup> The scope of review and corresponding thresholds apply to LCRC review, regardless whether an LCRC is established by UNFPA, or a CAP, or other review committee, established jointly by United Nations organizations or agencies, functions as the relevant LCRC.

- Any other proposed award or other matter following a procurement action that a field office manager refers to the LCRC;
- Reuse of the results of formal solicitation processes conducted by United Nations entities (refer to [section 14.1.3](#)) for establishing contracts having a value equal to or greater than USD 100,000 but less than USD 200,000;
- Reuse of results of an informal solicitation processes conducted by United Nations entities (refer to [section 14.1.3](#)) for establishing contracts having a value equal to or greater than USD 50,000 but less than USD 100,000;
- Extension of LTAs that have originally been reviewed by LCRC. Maximum LTA period including extension: five years.
- Note:  
Post facto matters (refer to [section 9.9](#)) cannot be reviewed by the LCRC.

Please refer to [section 1.1.2](#) for the definition of the financial limits and thresholds, in particular for the calculation of cumulative amounts.

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

#### 9.4.2 Scope of review – CRC

The following procurement actions require review by the CRC:

- Proposed award(s) to a supplier further to the use of formal methods of solicitation for the purchase or rental of goods, services or construction, which have a value equal to or greater than USD 200,000;
- Proposed award(s) to a supplier further to an exception to the use of formal methods of solicitation, which have a value equal to or greater than USD 100,000 (except for leases);
- Proposed amendments or series of amendments to contracts, previously recommended by a review committee, which in aggregate have a value equal to or greater than USD 100,000 or which would increase the amount of the contract by more than 20 percent, whichever is less. Note:  
This is provided that the same unit prices as in the original contract apply to the increase of quantity or of scope of work;
- Any proposal for the renewal of a contract previously reviewed by the CRC;
- Notwithstanding [section 14.1.4](#), LTAs for goods and services estimated to have a value equal to or greater than USD 200,000 if based on the use of formal methods of solicitation, or equal to or greater than USD 100,000 if based on exceptions to the use of formal methods of solicitation over a calendar year. The award of any LTA that could reasonably be relied upon by another UNFPA location must be reviewed by the CRC regardless of the estimated procurement amount;
- Any proposed contract for the purchase of real estate, regardless of value, in accordance with the [Real Estate Management Policy](#);
- Any other proposal, contract, agreement, or other matter relating to purchasing, renting, or leasing that the Executive Director, CPO or Chief, PSB may want to refer to the CRC;

- Post facto matters (refer to [section 9.9](#)) with total value equal to or greater than USD 100,000, in order to provide advice to the CPO on ratification of actions not conforming to the established review and award processes, and/or acceptance of charges against appropriate budgets.
- Reuse of results of an informal solicitation process of United Nations entities (refer to [section 14.1.3](#)) for establishing contracts having a value equal to or greater than USD 100,000;
- Reuse of results of a formal solicitation process of United Nations entities (refer to [section 14.1.3](#)) for establishing contracts having a value equal to or greater than USD 200,000;
- Extension of LTAs that have originally been reviewed by the CRC. Maximum LTA period including extension: five years.

Please refer to [section 1.1.2](#) for the definition of the financial limits and thresholds, in particular for the calculation of cumulative amounts.

Lease contracts and property disposal requests for review of the CRC must be cleared by FASB for submission to the CRC.

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

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

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

## **9.5 Submissions to review**

### **9.5.1 Submission of proposals – LCRC**

Submissions shall be issued directly into the [UNDP CAP online system](#) (note: users of the system have received an email notification from UNDP on how to use the system). In the rare events that

UNDP would not be able to review UNFPA procurement cases, no local review committees have been established jointly by UN organizations or agencies, and a UNFPA LCRC is in place, submissions shall be routed through the secretary for review by the UNFPA LCRC, and shall include:

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

### 9.5.2 Submission of proposals – CRC

Submissions for the CRC must be completed by the unit requesting contract award in the [CRC online application](#) (or any other relevant application or form when the review committee of another organization of the United Nations is being used). The [CRC online application](#) provides a checklist for the procurement proposal to guide the submitter. Download the [New CRC Application Quick Guide](#). All fields in the CRC online application must be completed and the necessary supporting documentation uploaded through the application.

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

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

Submissions must be approved first by the department head (headquarters)/delegated authority (field office), and secondly by PSB at least one (1) week prior to the CRC meeting (scheduled through the [CRC online application](#)). On an exceptional basis, the Chief, PSB may request the (alternate) chairperson to allocate late submissions to a meeting in cases of exigency. Exigency in this context is an exceptional compelling and emergent need, not resulting from poor planning, poor management or from concerns over the availability of funds, that will lead to serious damage,



loss, or injury to property or persons if not addressed immediately. In his/her request, the Chief, PSB shall provide the reasons for the late submission and the exigency.

## **9.6 Decisions/recommendations**

### **9.6.1 LCRC**

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

The signed minutes are then forwarded by the secretary to the officer holding procurement authority who may either adhere to LCRC's recommendation or, in case s/he is in disagreement with the recommendation of the LCRC, refer the matter to the Chief, PSB for further review in accordance with these Procurement Procedures. In such case, the officer holding procurement authority must wait for the Chief, PSB or his/her delegate's decision before taking further action.

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

### **9.6.2 CRC**

At the CRC meeting or following circulation as the case may be, the CRC shall issue recommendations in respect of the submissions by simple majority. The chairperson (or alternate) votes only in case of a tie among the members present or to whom the submissions were circulated. The secretary and the Legal Unit do not have voting rights.

The chairperson (or alternate) and the members present at the meeting or to whom the submissions were circulated approve the review documentation. Review documentation so approved constitutes the record of the CRC recommendations, refer to [section 9.2.2](#).

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

In the absence of the CPO, the Director of DMS shall take the necessary decisions. Should the Director, DMS be absent, the Executive Director or, in his/her absence, the officer-in-charge of UNFPA shall decide. Should the officer-in-charge of UNFPA be the (alternate) chairperson who

participated in the review of the submission, the CPO will authorize another staff member to perform these functions.

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

## **9.7 Minutes/review documentation and circulation**

### **9.7.1 Review and circulation - LCRC**

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

If the LCRC cannot be convened, the chairperson, on advice from the field office manager, may decide to circulate the proposals to the LCRC. The practice of circulation is discouraged given that the opportunity for discussion is reduced.

#### 9.7.2 Review documentation and circulation – CRC

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

If a CRC cannot be convened or in case the Chief, PSB determines that a case is urgent, the chairperson, on the request of the Chief, PSB, may decide to circulate the proposal to three members and the chairperson or an alternate chairperson. In the case where the CRC considers a submission by circulation, the email correspondence of the members will constitute the review documentation and will be uploaded to the [CRC online application](#). The practice of circulation is discouraged, since the opportunity for discussion is reduced.

## **9.8 Emergencies and exigencies**

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

## **9.9 Post facto submissions**

It is prohibited to award a contract, either orally or in writing, without:

1. The necessary prior review having been conducted by the relevant review committee, if applicable, and,
2. Contract award having been approved by a person having the appropriate delegation of authority.

Personnel awarding contracts without the above conditions being met, may be subject to administrative and/or disciplinary action

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

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

If a commitment has been entered into or an award has been effected without the necessary prior review and approval, the contract must nevertheless be submitted, albeit on a post facto basis, without delay, to the relevant procurement authority for review and ratification as follows:

- 1) CPO via CRC for post facto cases with a financial value equal to or greater than USD 100,000;
- 2) Chief, PSB for post facto cases with a financial value equal to or greater than USD 50,000 but less than USD 100,000; and
- 3) Field office manager, for post facto cases with a financial value less than USD 50,000 (LCRC will not accept to review post facto cases).

It is emphasized that such a post facto submission, while required, does not cure the failure to submit the procurement proposal for review at the correct time in the process.

The submission to the relevant committee must include:

- 1) An explanation of the circumstances resulting in the post facto submission;
- 2) The reasonableness and acceptability of the procurement activity;
- 3) A confirmation that no financial loss has occurred to UNFPA (or to UNFPA third party procurement clients) as a result of the transaction; and
- 4) A confirmation that the procurement principles have not been contravened.

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

- 1) The regulations, rules, policies and procedures of UNFPA relating to procurement other than the rules and procedures relating to timely CRC review;
- 2) The procurement principles.

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

In post facto matters, Chief, PSB/ the CRC shall issue a recommendation to the officer holding appropriate procurement authority as to whether the commitment or award should be ratified.

### **9.10 UNFPA-specific topics**

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

## **10. AWARDS**

### **10.1 Award and finalization**

#### **10.1.1 Identification of the winning offer**

When using the ‘lowest priced, most technically acceptable’ methodology (shopping/RFQ), the lowest priced offer determined to be technically acceptable is generally selected as the winning offer. However, this methodology offers the flexibility of selecting the most acceptable technical offer should none of the offers be fully technically compliant.

Exceptionally, selection of a higher priced offer can be justified and approved by the relevant procurement authority if the difference in price is less than 10 per cent while the technical qualities of the selected offer by far surpass those of the lowest priced offer (the additional benefits and qualities must be well explained in the [request for approval of contract award](#) submitted to the relevant procurement authority).

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

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

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

#### **10.1.2 Suppliers with pending claims, disputes and contentious issues**

In the event that UNFPA has a dispute, claim or other contentious issue pending with a supplier, that either compromises or calls into question the ability of that supplier to perform or where performance would be inconsistent with the effective resolution of any dispute, the Chief, PSB may instruct UNFPA personnel to refrain from procurement actions with such supplier, until the matter has been resolved or otherwise considered to be no longer contentious.

It is the responsibility of each field office manager to inform the Chief, PSB of any disputes, claims or other contentious issues between a supplier and the respective UNFPA locations as soon as a written complaint from supplier been received.

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

### 10.1.3 Award

The award must only be made by the officer holding appropriate procurement authority. The relevant officer holding appropriate procurement authority to approve the award should be determined based on the cumulative total of procurement conducted from the same supplier; refer to sections [1.1.2](#) and [2.5.1](#) of these Procurement Procedures for further details.

The appropriate procurement authority must verify that the accumulative contract value in the calendar year with the same supplier does not exceed his/her delegation of authority.

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

Each office is encouraged to keep track of potential suppliers in a separate roster outside of Atlas (i.e., UNGM).

When a supplier is awarded a contract, a [Vendor Profile form](#) shall be filled out and signed by the vendor. The procurement personnel shall verify that information submitted is correct by performing reference checks, consulting the vendor's website, brochures, etc. UNFPA has outsourced the process of creating vendors in Atlas<sup>20</sup>.

The procurement personnel shall use the [Vendor Portal](#) to request the outsourcing company to create, modify, or deactivate vendors in Atlas. The outsourced company shall only create the vendor in Atlas after verifying the following information.

- 1) The proposed vendor is not in the UN and UNFPA banned vendor list;
- 2) The proposed vendor is not a duplication of already existing vendor in Atlas;
- 3) The request is supported by complete and valid supporting documentation, such as the vendor profile form, banking documents, etc.

## 10.2 Supplier notification, debriefing and protest

### 10.2.1 Supplier not awarded

Suppliers that submitted a bid but were not awarded a contract are entitled to being informed that they were not successful. The process for sharing information depends on the nature of the solicitation:

- When the solicitation process is informal and through an RFQ, suppliers interested to know about the status of their quotation should be invited by the relevant UNFPA personnel to contact separately the UNFPA office having issued the solicitation in order to get the required status information. UNFPA personnel should inform suppliers to allow a

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<sup>20</sup> For further information on submitting vendor creation requests, please refer to the [Guidance Note on Vendor Maintenance in Atlas](#).

minimum of ten days from the bid receipt date before requesting any update on their offer in order for UNFPA to be able to complete the evaluation of the quotations and to get the contract awarded accordingly before responding.

- When the solicitation process is formal and through an ITB or RFP, unsuccessful bidders are notified when contract award information on the successful bidder is posted on [UNGM](#). Refer to [section 10.2.2](#).
- When the solicitation is for the establishment of an LTA and no contract will immediately follow the evaluation and award process, UNFPA shall inform in writing the unsuccessful bidders and advise the name and the country of the bidder(s) to whom UNFPA will issue the LTA(s).

Upon request from a bidder UNFPA may provide information to the bidder regarding the strengths and weaknesses of the bidder's offer through debriefing. In such situations:

- The information should be limited to identifying technical deficiencies or weaknesses in that bidder's offer, and must not disclose financial or cost information of other offers, nor evaluation scores or other details.
- Normally only verbal feedback is given. If the supplier has questions after receiving the verbal feedback, they can make a written request for clarification on specific issues and UNFPA may respond in writing.

### 10.2.2 Posting of awarded contracts

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

The notice of awarded contracts should contain a brief description of the contract, beneficiary country, funding source, the contract amount, the date of the contract, and the name and country of the supplier. In order to ensure that posting of contract award is not omitted, PSB has been given the responsibility to perform this task on a quarterly basis on behalf of all UNFPA field offices and/or UNFPA business units. Detailed contract award information is provided on [UNFPA website](#) and on [UNGM](#).

#### **Note:**

UNFPA reserves the right not to publish contract award information in high-risk countries when such information could constitute a threat to contractors or UNFPA, or when the same goes against contractual confidentiality obligations. This determination must be made by the Chief of PSB in consultation with the field office manager and UNDSS/ OSC as applicable.

### 10.2.3 Bid protest procedures

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

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

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

If a protest is submitted prior to contract signature, the contract may not be signed and performance under the contract may not commence until the protest has been addressed. An exception to this procedure may be approved by the officer holding procurement authority to approve issuance of the contract, following prior consultation with the Chief, PSB, if s/he determines that:

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

If a protest is submitted after contract signature, the officer holding procurement authority to approve issuance of the contract shall immediately suspend implementation of the contract pending resolution of the protest. Execution of the contract may be continued, following prior consultation with the Chief, PSB, if one or more of the following situations apply:

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

If the protest involves allegations of fraudulent and other proscribed practices by UNFPA personnel, the allegations shall be reported in accordance with the [UNFPA Policy against Fraudulent and other Proscribed Practices](#) (please also refer to [section 1.4.6](#) on fraud prevention). In the event that such protest is issued after contract signature, the Chief of PSB and Chief of Legal Unit should consult and agree about the best course of action (i.e., contract termination, putting on hold of contract, etc.) based on the specifics of the situation.

### 10.3 UNFPA-specific topics

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



## 11. CONTRACTUAL INSTRUMENTS

### 11.1 Overview

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

UNFPA has developed four different model legal instruments to establish procurement contracts with suppliers:

- 1) Purchase orders;
- 2) Contract for professional services for services with value equal to or greater than USD 100,000;
- 3) De Minimis contract for services with value below USD 100,000; and
- 4) Long term agreements.

Purchase orders must not be issued solely for payment purposes in Atlas upon receipt of an invoice as this constitutes a breach of the [Internal Control Framework](#). In case of establishing the contractual commitments through contracting tools such as contract for professional services, purchase orders must be entered in Atlas immediately after the contract has been awarded in order to encumber funds required for discharging the contractual commitments.

UNFPA model contracts must always be used unless other formats that are routinely used in a specific industry (e.g., contracts for electricity and water provision, etc.) are available and have been cleared by the officer holding the procurement authority to approve the contract in Atlas in consultation with the Legal Unit. For lease contracts, the relevant template (refer [Real Estate Management Policy for Field Offices](#)) must always be used.

Modifications and/or additions to the UNFPA standard contract formats including annexes cannot be made without prior consultation with PSB (or with FASB for lease contracts). These offices will seek advice from the Legal Unit, as necessary or appropriate. Care must be taken not to include any requirements or conditions that contradict the UNFPA [General Conditions of Contract](#) ("GCC"), or the standard text of any of the documents. Modifications to the GCC shall not be done directly inside the relevant GCC document. Rather, the deviations to the GCC will be included in the contract under a designated section on "special conditions" and such special conditions should be pre-cleared by a PSB procurement specialist. PSB will consult Legal Unit for advice as deemed necessary.

After a solicitation process, a supplier is selected based on an offer. The supplier is offered a contract by UNFPA. Upon signature of the contractual document by both parties, the contract is

made legally binding for both parties, provided the contract has been signed (per UNFPA [Financial Rule](#) 115.6):

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

Contracts shall be awarded within the offer validity period. If it is not possible to award the contract within the original period of offer validity, an extension of the offer validity period must be requested from all the bidders. A bidder may refuse the request without forfeiting its bid/proposal security. The bid/proposal securities of bidders refusing the request to extend the validity of their bid/proposal must be returned as promptly as possible.

Bidders agreeing to the request will not be permitted to modify their offers but will be required to extend the validity of their bid/proposal securities (if applicable) for the period of the extension. As such, extensions must be requested as early as possible to allow bidders sufficient time to produce a new valid bid/proposal security before the expiration of the original security.

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

### **11.1.1 Financial approvals and thresholds**

UNFPA's [Internal Control Framework](#) defines the expenditure control framework applying to creating and approving requisitions and purchase orders. Long term agreements (LTAs) and contract for professional services can be signed by the UNFPA staff members at professional staff categories who have been appointed by the head of unit to fulfil that role. It is the responsibility of the UNFPA staff members who sign the LTAs and contract for professional services to ensure that the respective procurement processes have already been reviewed by the appropriate procurement process review committees and the award of contract has been already approved by the appropriate procurement authority.

#### **11.1.2 Communication with suppliers at the stage of establishing the contract**

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

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

Where the bidder has not recorded any reservations to [UNFPA’s General Conditions of Contract](#) or any other part of the solicitation document with its offer, UNFPA may choose not to enter into discussions regarding contract terms proposed by the bidder after selection of the offer.

## 11.2 Standard contract elements

Standard elements of the contract include:

- 1) The specific contract;
- 2) [UNFPA’s General Conditions of Contract](#).

Depending on the nature of the contract, the contract will include other elements, such as technical specifications, terms of reference, template for performance securities. For ease of reference, the supplier’s offer might be attached as an annex.

The contract must at a minimum identify the following:

- 1) The parties contracting;
- 2) Specification of goods or terms of reference for services, as well as the terms of delivery, as applicable;
- 3) Consideration (i.e., contract and/or unit price to be paid and terms of payment);
- 4) All other elements that are indispensable for the proper and flawless execution of the contract.

### 11.2.1 General Conditions of Contract

All contracts issued must stipulate the applicable set of [UNFPA’s General Conditions of Contract](#).

*Table 8: The 4 sets of UNFPA General Conditions of Contract*

UNFPA General Conditions –Low value Contracts	For contract/purchase order values below USD 100,000, covering goods and/or services	<a href="#">English</a>	<a href="#">French</a>	<a href="#">Spanish</a>
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UNFPA General Conditions – Goods	For contract/purchase order values equal to or greater than USD 100,000, covering goods	<a href="#">English</a>	<a href="#">French</a>	<a href="#">Spanish</a>
UNFPA General Conditions – Services	For contract/purchase order values equal to or greater than USD 100,000 covering services	<a href="#">English</a>	<a href="#">French</a>	<a href="#">Spanish</a>
UNFPA General Conditions – Mixed Goods and Services	For contract/purchase order values equal to or greater than USD 100,000 covering mixed goods and services	<a href="#">English</a>	<a href="#">French</a>	<a href="#">Spanish</a>

Any departures from the applicable set of [UNFPA’s General Conditions of Contract](#) must be clearly indicated in writing in the contract. Such departures must be approved in writing in advance by PSB (after consultation with Legal Unit). The officer holding procurement authority to approve the contract in Atlas is responsible for seeking such approval in writing.

### 11.2.2. Taxes and duties

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

Accordingly, all purchases should be free of any direct taxes (and as far as possible from indirect taxes), customs duties and tariffs. Alternatively, the field office must claim for tax reimbursement

from the appropriate national or host country authority. Please refer to [section 8.3.3](#) and [VAT Guidance Note](#) for further details.

### 11.2.3 Freight

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

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

### 11.2.4 Technical specifications/terms of reference

Technical specifications and terms of reference, where applicable, must always be incorporated into and attached as an annex to the contract, or their contents included in the body of the contractual document.

### 11.2.5 Signature and issuance

All contracts must be signed:

- 1) on behalf of UNFPA by the UNFPA officer holding procurement authority to approve the contract in Atlas after an award has properly been made; and
- 2) on behalf of the selected supplier by its duly authorized officer or agent.

## 11.3 Purchase orders

Goods and/or services requiring creation of requisitions (refer to [section 4.4](#)) must be supported and facilitated by purchase orders issued through Atlas. Atlas generated purchase orders act as a contracting tool:

- (i) for the procurement of goods;
- (ii) services not exceeding USD 10,000 <sup>21</sup>;
- (iii) as well as a mechanism for encumbering funds in the respective budgets.

The procurement personnel should take action to issue purchase orders clearly defining the goods and services procured (specifications, ToR), correct quantities, correct unit prices, correct delivery

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<sup>21</sup> For further information on the use of contract for professional services, refer to [section 11.6](#)

dates (by updating the due date reflecting the correct delivery dates) and all other applicable contractual conditions.

UNFPA offices shall not use manual purchase orders under any circumstances (refer to [section 1.3](#)).

Refer to [Buyer Guide on UNFPA Atlas Purchasing Module](#) for further instructions on entering a proper Atlas purchase order.

### ***Procurement of services using Purchase Orders as the contracting tool***

Purchase orders can be used by UNFPA business units to procure services of a value less than USD 10,000. The procurement focal points must satisfy the following specific requirements to adequately mitigate the contractual risks associated with procurement of services using the purchase orders.

- (i) The applicable terms of reference must be referred in the PO header sections and a PDF copy is shared with the selected suppliers with the purchase order;
- (ii) [UNFPA General Conditions](#) – De Minimis Contracts must be referred to in the purchase order header section and a PDF copy is shared with the selected suppliers with the purchase order;
- (iii) The selected suppliers must be requested to accept the purchase order in writing (refer to [section 11.3.4](#))

The procurement focal points are encouraged to use contract for professional services – [De-Minimis](#) for low value but complex service procurements such as audit and programme evaluation services, as contract for professional services provide better control to UNFPA from the legal and contract management perspective.

### ***Procurement of goods using Purchase Orders as the contracting tool***

Every purchase order for which shipment of goods is required must be accompanied by a copy of the relevant shipping instructions. Further, all purchase orders must reference and be accompanied by a copy of the applicable set of [UNFPA General Conditions of Contract](#) (refer to [section 11.2.1](#) General Conditions of Contract). The selected supplier must be requested to accept the purchase order in writing. (refer to [section 11.3.4](#)).

#### **11.3.1 Approval**

The purchase order must be approved by an officer holding appropriate procurement authority, as provided for in UNFPA's [Integrated Internal Control Framework](#). The approving officer is required to ensure that the procurement process complied with the applicable regulations, rules, policies and procedures. In other words, the approving officer should ensure that the supplier to whom the purchase order is issued has been selected through an appropriate procurement process and that the award has been already reviewed and approved by the appropriate procurement review committee (if applicable) and the relevant procurement authority.

### **11.3.2 Commitment of funds**

After the purchase order has been approved in Atlas, the procurement personnel budget checks the transaction. It is the responsibility of the procurement personnel to ensure that the budget status is valid – or follow up with the relevant business unit to resolve the matter. When the purchase order is approved and budget checked, the amount of the purchase order creates an encumbrance (financial commitment) in the commitment control ledger and reduces the pre-encumbrance from the associated requisition.

Encumbrance balances reflected in the commitment control ledgers now represent reserved funds against legally binding commitments and should be used for budget management.

### **11.3.3 Dispatch of purchase order**

When contracting by purchase order, the procurement personnel are responsible for dispatching the approved and budget checked purchase order to the vendor. The dispatch can be done using a “.pdf” file attached to an email or fax or print out. The purchase order must be dispatched and shared with the supplier within three working days from the time of contract award. This is a necessary step before the supplier can start the delivery of the services and/or goods as described in the purchase order, as the purchase order acts as the contracting tool.

### **11.3.4 Vendor acceptance**

UNFPA must request the vendor to accept the purchase order in writing (either manually or electronically). This vendor’s acceptance of the purchase order forms part of the legally binding contract. The delivery of the services and/or goods as described in the purchase order should start only after receiving a written confirmation of the purchase order from the supplier by countersigning and returning a copy of the purchase order or by confirming the acceptance of the purchase order through an official letter or email.

### **11.3.5 Amendment/revision**

Amendment and revision of a purchase order issued to a supplier may be done without obtaining further approval from the relevant procurement authority if:

- the proposed change would not affect the result of the original selection process (i.e., if the change had been included in the original solicitation the same supplier would have been selected); and
- the proposed change would result in an overall contract value increase which does not exceed financial thresholds requiring review of the amendment by the relevant procurement authority.

When the above conditions are not met, amendment and revision require prior approval by the relevant procurement authority.

### **11.3.6 Payment terms and advance payments**

Normal UNFPA payment terms for the procurement of goods are net 30 days upon receipt of shipping documents, invoice and other documentation required by the contract.

For the procurement of services, the payment terms are net 30 upon receipt of invoice and delivery/acceptance of the milestone deliverables linked to payment as specified in the contract.

Except where normal industry practice or the interests of UNFPA so require, no contract shall be made on behalf of UNFPA which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services.

More details on UNFPA advance payment policy can be found in [section 13.5.3](#).

In certain circumstances, UNFPA may be required to make payment and reimbursements on behalf of an implementing partner under national execution (NEX). In such situations, there are two modalities to be considered:

- 1) Direct payment to vendors and other third party; or
- 2) Reimbursement to implementing partners.

Both of these modalities are processed using a non-purchase order voucher in Atlas and the implementing partner remains fully accountable for the expenditure. The COA (chart of accounts) on the non-purchase order voucher should be coded in Atlas to the respective PGxxxx or PNxxxx implementing partner code and not to UNFPA. There is no financial threshold for processing the payment.

NEX falls under programme guidelines; i.e., Procurement Procedures do not apply. For further information please refer to the relevant [programme guidelines](#) or contact the Chief, Finance Branch.

### **11.3.7 Summary of Atlas function in issuing and managing the Purchase Order and responsibilities**

The below table provides a summary of responsibilities for the different Atlas functions.



Table 9: Summary of Atlas function and purpose

Atlas function	Purpose	Responsible personnel
<a href="#">Requisition creation</a>	<ul style="list-style-type: none"> <li>• Create requisition timely and accurately, indicating correct business unit, item IDs and / or item categories, detailed descriptions, quantities, units of measure, ancillary services (such as inspection and transport, if applicable), shipping information and any special instructions;</li> <li>• In case of procurement of services, indicate their nature, service period, payment terms and qualification requirements to potential service providers;</li> <li>• Ensure that product and country specific registration requirements have been met or waived;</li> <li>• Select correct COA with sufficient funds for a sufficient length of time to cover the cost of the subsequent purchase order;</li> <li>• Obtain all approvals required by other Policy documents (e.g. <a href="#">Policy and Procedures on Management of Programme Supplies</a> or <a href="#">UNFPA Fast Track Policy and Procedures</a>).</li> </ul>	Relevant programme or operations personnel with Atlas rights
Requisition approval	<ul style="list-style-type: none"> <li>• Ensure requested goods/services are in line with UNFPA’s mandate, the workplans, the procurement plan, the annual business unit management plan as reflected in the SIS, the donor agreement budgets, as well as global or regional programmes;</li> <li>• Ensure that requisition includes complete and accurate description of requested goods/services, including correct item IDs and / or item categories, quantities, units of measure, shipping information, payment terms, delivery timeframes and special instructions;</li> </ul>	Budget owner

Atlas function	Purpose	Responsible personnel
	<ul style="list-style-type: none"> <li>• Ensure that costs of all ancillary services (if any), such as inspection and transport have been included;</li> <li>• In case of procurement of goods, ensure that adequate storage conditions will be available upon their arrival, including at IP facilities (if the goods are intended for immediate transfer to IPs);</li> <li>• Ensure that product and country specific registration requirements have been met or waived;</li> <li>• Certify that COA is correct, has sufficient funds for a sufficient length of time to cover the cost of the subsequent purchase order;</li> <li>• Ensure that all approvals required by other Policy documents (e.g. <a href="#">Policy and Procedures on Management of Programme Supplies</a> or <a href="#">UNFPA Fast Track Policy and Procedures</a>) have been obtained.</li> </ul>	
<p>Purchase order Creation</p>	<ul style="list-style-type: none"> <li>• Create purchase order timely indicating complete and accurate description of procured goods/services, item IDs and / or item categories, quantities, units of measure, prices per unit, currency, shipping information, payment terms, delivery timeframes, special instructions and COA information;</li> <li>• Ensure that product and country specific registration requirements (if applicable) have been met or waived</li> <li>• Upload copies of specification documents and shipping instructions (if applicable);</li> <li>• Carry out the procurement process in accordance with <a href="#">FRR</a> and Procurement Procedures (refer to <a href="#">Buyer Guide on UNFPA Atlas Purchasing Module</a>).</li> </ul>	<p>Procurement personnel with Atlas buyer rights</p>

<b>Atlas function</b>	<b>Purpose</b>	<b>Responsible personnel</b>
Purchase order Approval	<ul style="list-style-type: none"> <li>• Ensure procurement process has been followed, including obtaining the CRC/LCRC recommendation if required and also approval from the appropriate procurement authority;</li> <li>• Ensure that purchase order indicates complete, accurate and contradiction free information on description of procured goods/services, item IDs and / or item categories, quantities, units of measure, prices per unit, currency, shipping information, payment terms, delivery timeframes, special instructions and COA;</li> <li>• Ensure that use of a consignee other than UNFPA has been properly justified (if applicable);</li> <li>• Ensure that specification documents and shipping instructions have been uploaded (if applicable).</li> </ul>	Purchase order approver
Budget checking the purchase order	Ensure that the funds are encumbered on the relevant budget and pre-encumbrance from requisition is released.	Procurement personnel
Dispatching purchase order	Ensure to keep the suppliers informed about the contractual conditions applicable and established the contractual relationship.	Procurement personnel
Receipt	Create financial receipt for goods as soon as control over these goods is transferred to UNFPA, based on associated Incoterms; or create financial receipt for services as soon as these services are delivered to UNFPA.	Designated receiving staff, Field office logistic focal point, Programme/operations personnel with receipt rights.

Atlas function	Purpose	Responsible personnel
Delivery confirmation (This is a non-Atlas function which is performed using the OTS, RIR, vendor performance evaluation or any other official written confirmation)	Confirm in that the goods/services have been delivered so that the purchase order can be closed.	Relevant programme/ operations staff

In case of procurement of programme supplies, creation of requisitions, their approval, purchase order creation and approval and creation of financial receipts must be carried out in compliance with the [Policy and Procedures on Management of Programme Supplies](#).

#### 11.4 Long-term agreements (LTAs)

An LTA is a written arrangement between UNFPA and a supplier. LTAs allow UNFPA to order specified goods and/or services from the awarded supplier according to a pre-established set of terms and conditions (such as at a fixed price, quality levels, ordering method and lead times), for a definite period of time but with no legal obligation to order any minimum or maximum quantities. LTAs are also often designed to provide immediate stock availability of goods in case of emergency.

The designated procurement focal point(s) should conduct the LTA establishment process. The LTAs established by the business unit should carry a unique and sequential identification number, and that number should be derived from the [LTA log](#) of the business unit.

Contractual and financial obligations against LTAs are made by way of issuing purchase orders subject to the LTA using the Atlas system. Therefore, purchase orders must be issued based on the terms and conditions of the LTA, and the same must have been accepted by the supplier, before the suppliers can start delivering the required services and/or goods. Receiving services and/or goods covered by LTAs without issuing a purchase order pursuant to the respective LTA are

actions taken without a valid specific contractual arrangement between UNFPA and the supplier. Therefore, in this context purchase order must not be used for the sole purpose of settling payments.

*Note:*

POs pursuant to LTAs should be issued to procure only the LTA items. “LTA item” means that the item’s exact specifications, price, unit of measure and manufacturer must be identical with what has been described in the signed LTA. It is the responsibility of the authorized purchase order approver to ensure that the purchase order is issued adhering the terms and conditions of the LTA including the specifications of the items/services covered by the LTA, established price rates/discount arrangements and satisfying the requirements such as secondary bidding as applicable. That means only to procure LTA items. (refer to sections [6.3.3.1](#) and [6.3.3.3](#)).

LTAs are entered into on a non-exclusive basis and are not a mandatory source of purchase, however all procurement personnel must keep abreast of existing LTAs, and assess whether or not they can be used for a specific procurement activity, as they may represent the most cost efficient method of procurement.

The establishment of LTAs is done in order to ensure a reliable source of supply for goods and/or services that are requested on a regular basis, at the lowest possible price.

LTAs usually cover periods up to five years. Shorter periods can be specified with the possibility to extend the LTA later on based on evidence of good performance of the supplier and that prices remain competitive through market analysis. Depending on the category of products the LTA period may vary; e.g., two to three years for low risk items (low relative spend (nuisance items)) or high relative spend (leverage items)) and four to five years for high risk items (low relative spend (bottleneck/critical items) or high relative spend (strategic items)). LTAs are non-exclusive, and can be set up locally or at headquarters level. LTAs increase the efficiency of procurement by decreasing bidding time for frequently-purchased items or services. Thus, once an LTA is awarded, and during its validity period, purchases of goods and/or services do not require further approval by any awarding authority.

When deciding upon the duration of an LTA period, in particular for services, the following must be considered:

If it can be determined that the services to be covered by the LTA will be required beyond the 12-month period (refer to typical examples below), it must be specified up front in the solicitation document the period that the LTA will cover. Whenever feasible, it is better to specify a longer LTA period in order not to be in a situation whereby at the end of the LTA validity (e.g., after one year) we have no other alternatives but to continue with the same supplier for a number of valid reasons. In such situations, UNFPA is often in a weak position when negotiating LTA extension as the supplier knows that UNFPA has little choice but to continue with them and, as a consequence, suppliers can increase their price unreasonably, something that goes against the [principle of value for money](#).

Such situations result not only in supplier dominance but also in:

- Additional transactional and administrative costs for UNFPA, such as negotiation with the supplier, additional submission to CRC, review and approval by the CPO, establishment of additional LTAs, etc.;
- Greater risks for post facto situation if the extension of the LTAs is not performed in a timely manner.

Recurrent needs for services and goods that would qualify for longer LTA periods (e.g., five years) are typically services related to:

- Advertising;
- Banking;
- Catering;
- Cleaning;
- Frequently purchased consultancy services;
- Custom clearance;
- Event management;
- Hotel accommodation and services for training and conferences;
- IT (Information technology);
- Logistics and distribution;
- Printing and publishing;
- Security;
- Stationery supply;
- Taxi;
- Telecommunication;
- Translation;
- Travel;
- Vehicle insurance;
- Vehicle maintenance.

Such services should be purchased through longer than one-year LTAs. In order to ensure effective competition, it is recommended whenever feasible, to establish multiple LTAs for the same goods and/or services with several suppliers. Secondary bidding can then be conducted when needs arise (refer to [section 6.3.3](#)).

When an LTA is for more than one year, at time of bidding, UNFPA can request suppliers to include in their proposals the details of the price increase after each year and consider the average price over the LTA duration as the price for the purpose of commercial (financial) evaluation.

When in doubt as to whether the services to be procured justify longer period LTAs, or how this could be implemented, please contact your procurement focal points at PSB who will assist.

A price variation clause may also be included in LTAs (in particular for commodities whose price is strongly correlated to the price of raw materials).

LTAs often provide that they may be extended for an additional period of up to one year, subject to satisfactory supplier performance and evidence of the competitiveness of the prices (through market benchmark and analysis).

The period of the LTAs shall be determined after a careful assessment of the supply and market risk and the annual relative spend for the specific product or service. The below table provides guidance to determining the period of the LTAs.

*Table 10: Guidance to determining the period of the LTAs*

Product category	Purpose of the LTAs	Proposed period	Strategy
Nuisance/routine: low supply risk/low relative spend	Minimize administrative efforts	*Three year LTAs with the possibility of extending for 1-2 years	Midterm LTA price review should be incorporated in the LTA in order to maintain the prices competitive.
Leverage: low supply risk/high relative spend	Ensure competition	2-3 years	Consider including volume based discount in the LTA and issuing multiple LTAs subject to secondary bidding (to ensure competition).
Bottleneck/critical: high supply risk / low relative spend	Ensure the continuity and quality of supply	*Three year LTAs with the possibility of extending for 1-2 years	Efforts should be made to establish at least two LTAs. (Lead LTA and a backup LTA). Strict measures should be put in place for supplier performance evaluation and regular meetings with the suppliers should be conducted in order to maintain effective supplier relationships.
Strategic: high supply risk/high	Reduce the risk and cost by managing	*Three year LTAs with the possibility of	Consider including volume based discount in the LTA. Regular meetings with the suppliers should

Product category	Purpose of the LTAs	Proposed period	Strategy
relative spend	suppliers' relationship. Focus on partnership	extending for 1-2 years	be conducted in order to maintain effective supplier relationships and understand the tasks of the supplier. Performance evaluation should be conducted regularly.

\*Unless the appropriate procurement authority, further to review by the relevant contract review committee, as applicable, already approved the possibility of a potential extension of the LTA period at the time of establishment of the initial LTA, any extension of the LTA period should be approved by the procurement authority and reviewed by the relevant contract review committee, as applicable, before the LTA extension can be signed. A thorough market research and benchmark analysis justifying reasonableness of the requested extension will have to be provided for that purpose.

The Chief, PSB has the authority to make a discretionary decision to temporarily extend LTAs for short durations for the sole purpose of ensuring that there is no break in service between the end of an LTA and the issuance of a new one. Temporary extensions can be given for up to, but not exceeding, six months. This applies in situations where the reason for such a break in service is the result of circumstances that UNFPA could not foresee, e.g., a new tender had to be conducted due to lack of response to the first tender, etc. This authority does not apply in situations of improper procurement planning. The reasons for approving temporary extensions of LTAs have to be clearly documented and kept on file for audit trail purposes.

For headquarters LTAs for reproductive health commodities, the item prices quoted by the bidder(s) will be entered into the online product catalogue maintained by PSB that can only accommodate prices in USD. In view of this, prices shall be quoted in US dollars (USD) by the bidder(s). Bidders shall indicate in their offers the currency they would normally have used (i.e., the bidder's preferred currency) if no such currency constraint existed. In order to mitigate financial risks, the successful bidder(s) will be requested during the course of the LTA to adjust their USD price downward or upward in the event of the USD appreciating or depreciating by more than 10 per cent against the bidder's preferred currency based on the United Nations exchange rate used at time of bid submission. For the purpose of calculating the percentage of appreciation or depreciation of the USD against the bidder's preferred currency, the United Nations monthly exchange rates will be considered. The monthly United Nations exchange rate can be found [here](#).

LTA – [template](#)



In line with the United Nations reform that calls for more sharing of procurement information, it is recommended that main LTA information together with corresponding signed PDF documents be uploaded in the LTA module of the [UNGM portal](#) regardless of whether the LTA is a global LTA or a local LTA. Guidelines for uploading of LTAs can be found on the [UNGM portal](#).

To strengthen LTA management and to monitor LTA usage, field offices are encouraged to record, on an annual basis, the business volume, as well as saving figures together with general supplier performance feedback in the “Feedback on LTA Use” tab of the [UNGM LTA module](#). Please refer to [section 13.2](#), Vendor performance evaluation, for more details.

### 11.5 Works and construction contracts

*Intentionally left void. Requirements will be addressed on a case by case basis. Please contact FASB and FASB for obtaining clearance on the contract template. The UNFPA business units must obtain ultimate clearance from the Legal Unit before signing contracts for works and constructions.*

### 11.6 Contract for professional services

The [contract for professional services](#) is a procurement contract by which an institution, a corporation, or other legally constituted entity is engaged to perform services for UNFPA (e.g., providing corporate consulting services). The functions to be performed and a time schedule for execution are specified in the contract.

The [contract for professional services](#) may also be used in order to engage a corporate supplier for the provision of temporary services by individuals required from time to time by UNFPA. In that case, the contract for professional services is entered between UNFPA and the supplier, these two being the parties to the contract. While the contractor will provide the services of one or several individuals to fulfil the contractor’s obligations under the contract, the obligations arising from the contract remain those of the contractor. The individual(s) made available by the contractor have a legal relationship only with the contractor, not with UNFPA.

UNFPA maintains [two standard forms of professional services contracts](#): (a) the standard form of contract for professional services for high contract value starting from USD 100,000 (“High Value Services Contract”) and (b) the standard form of contract for de minimis services for contract value below USD 100,000 (“De Minimis Services Contract”). Accordingly, the High Value Services Contract incorporates the GCC for the provision of services, and the De Minimis Services Contract incorporates the GCC for de minimis contracts. Deviations to the UNFPA standard contract forms for professional services, including the GCC, need to be shared with PSB for review who will liaise with the Legal Unit as necessary.

The contract for professional services should be established by the designated procurement focal points of the business unit. These contracts should carry a unique and sequential identification number. The contract numbers should be derived from the [Contract log](#) of the business unit. The

records of the log should be systematically updated to track and monitor the progress and completion of each contract.

Before a contract for professional services can be issued to a supplier, a purchase order is raised in Atlas to encumber the funds, allocated with respect to the professional services contract (note: the purchase order will not be sent to the supplier but the professional services contract marks the only legal instrument entered into between UNFPA and the supplier). It is a requirement that the Atlas purchase order is approved before the contract for professional services is issued to the supplier as, in this context; the Atlas purchase order approval serves as an authorization for contract issuance. Not doing so directly contravenes the [Internal Control Framework](#). Atlas purchase orders should never be issued for the sole purpose of facilitating payments. It is recommended to use Atlas purchase order number as the second reference number of the contract for professional services. The main reference number of the contract for professional services must be obtained from the contract log maintained by the business unit.

Further, it is recommended to issue the purchase order for the full value of the relevant professional services contract. If the contract for professional services covers multiple financial years, the procurement unit would have to issue multiple purchase orders considering the impact on the project implementation rates. In such situations it is recommended that the business unit or field office, as applicable, take the following actions.

- 1) Issue the original purchase order only for the financial obligation against the current financial year. The total contract value should ideally be mentioned as a line comment of the purchase order;
- 2) Make budgetary provisions in the future financial years to cover the balance financial obligation of the contract;
- 3) Create purchase orders covering the balance financial obligations of the contract right after establishing Atlas project budgets for the next financial year.

### **11.7 Legal instruments further to the use of “shopping”**

Goods and/or services further to the use of “shopping” below USD 5,000 (USD 10,000 for headquarters business units and regional offices) can be purchased through a “non-purchase order voucher” (for applicable exemptions and more information refer to [section 4.4](#)). This means that the UNFPA standard forms of contract (refer to sections [11.3-11.6](#)) do not need to be used. Field offices and business units, as applicable, are however strongly encouraged to use the UNFPA standard forms of contract, in particular when services are being procured which are difficult to describe, a delivery schedule is needed or in case the goods and/or services, by nature, come with certain risks for UNFPA against which the organization must be safeguarded. Such risks must be identified by the relevant field office or business unit prior to the purchase of the goods and/or services. The non-use of UNFPA standard contract forms, however, must under no circumstances result in accepting terms which contradict to the [UNFPA General Conditions of Contract](#), in particular which would result in a “waiver” (explicit or incidental) of the privileges and immunities of the UN, including UNFPA. UNFPA personnel must therefore carefully review any invoice (or

other documents) against which the relevant payment is made. Field offices and UNFPA business units must consult PSB in case of any uncertainties. PSB will liaise with the Legal Unit as necessary.

## **11.8 UNFPA-specific topics**

### **UNFPA purchasing card programme**

The [UNFPA purchasing card programme](#) is designed to streamline, expedite, and simplify the requisition, purchase, and payment processes for small dollar transactions. The UNFPA purchasing card programme provides information for administrators, cardholders, and managers. The programme is only open to headquarters staff members.

## 12. PROCUREMENT AND LOGISTICS

### 12.1 Overview

Logistics is defined as the process of planning, implementing and controlling the efficient and cost-effective flow and storage of goods from the point of origin until the completion of an activity, in accordance with end user's requirements.

Logistics includes all the elements that constitute a delivery infrastructure within the procurement process.

Additional information on inventory can be found in the [Policy and Procedures on Management of Programme Supplies](#).

#### 12.1.1 Logistics planning process, lead time and calculator

Proper logistics planning entails considering logistical aspects throughout the various steps of the procurement process. It contributes to efficient procurement processes, and reduces the risk of facing problems that may lead to additional costs and delays.

Logistics planning starts at the needs assessment phase of the procurement process by considering the desired result of the requisitioner and the end user and from there working backwards in order to determine what actions will ensure a successful completion of the activity. Ideally this process should begin even before the requisition is placed, through a close cooperation and efficient communication between the location requesting the purchase and PSB (when it comes to local procurement, this cooperation and communication should take place between the requesting unit and the local UNFPA procurement unit).

Moreover, orders cannot be placed without budget/funding in place and must be received in Atlas by UNFPA before expiration of the funding. This information should be taken into account when planning projects. To guide requisitioners, the [PSB Lead Time Calculator for the PSB catalog items](#) and the PSB lead time information page linked to under [section 4.4.1](#) "Lead times" provide estimated lead times for commonly requested items purchased by PSB.

In the case of co-financed programmes, the programme and procurement personnel may initiate the preparatory procurement work after the agreement with the donor has been signed and before receiving the funds. This preparatory work might include initiating the solicitation processes.

Actual lead times will vary, depending upon a variety of factors (size and complexity of the order, supplier production capacity, transportation, etc.). The calculator includes a broader time frame.

The following aspects in the logistics planning process should be systematically addressed right from the initial stages of the procurement process (i.e., need assessment, planning, requirement

definition, sourcing, and evaluation of bids). Such systematic and proactive approach will mitigate the risk of facing logistic related issues and bottlenecks at the later stages of the process:

- 1) Understand the operational context of the required product, and, if possible, assist in developing specifications suitable to local conditions. This includes a thorough analysis of the country specific regulatory requirements such as product registration and customs clearance related requirements.
- 2) Evaluate the procurement activity, the time and the financial resources available in order to determine the urgency of the requirement. Urgency may determine location of the purchase and thereby also the mode of transport (as long as urgency can't be attributed to the poor planning).
- 3) Determine the type of sourcing for goods and the mode of transport depending on the urgency of the requirement, the available lead time (short lead times generated by bad planning shall not be considered to determine the type of sourcing and mode of transportation) and the financial resources for the procurement activity.
- 4) The use of different modes of transport as well as different logistics corridors incurs different costs, but also has an impact on the total lead time. A sea and/or ground route may be cheaper but may lead to many difficulties and delays such as clearing the goods while transiting through different ports and countries en route to the final destination. An alternative air-route may be more costly, but it may significantly reduce the transport time. (Refer to [section 12.3.1](#) of these procedures for additional details regarding the selection of the mode of transportation)
- 5) Make sure to define and include the end users' delivery requirements in the solicitation documents and determine which markets are best positioned to respond to the delivery requirements by evaluating the offers, in addition to conformity with the technical criteria, on the basis of total delivered costs and lead times.
- 6) Review the delivery and transport requirements, as well as the budget, and ensure that they are complete and realistic.
- 7) Determine the most cost effective means of contracting transport, i.e., should the transport of the purchased goods be arranged by the same supplier contracted for the supply of goods, or should it be outsourced to an independent freight forwarder.
- 8) Tender for freight services, if you opt to outsource the transport as per above. Check the existence and competitiveness of the LTAs for freight services (PSB use United Nations LTA freight forwarders to secure freight forwarding services in case of the freight service is not secured from the commodity supplier). For large consignments, conventional shipments, or bulk shipments where more favorable rates can possibly be obtained, spot tenders are advisable.
- 9) Insure the consignment in accordance with the United Nations Global Cargo and Warehouse Insurance Contract. Refer to [section 12.4.1](#). Field offices should inform and consult PSB upfront when they plan procurement activities associated with freight forwarding services under local procurement modality.
- 10) Total lead time including transportation and customs clearance of the procurement project should be estimated by the procurement focal point and the same should be informed to the requesting unit.

- 11) Ensure that shipping documents received from the supplier and the freight forwarder are complete and accurate and that the consignee has received his/her set.
- 12) Ensure that necessary arrangements are in place to clear the cargo on arrival. Depending upon the procedures in the country of destination, the consignee could be responsible for custom clearance of the goods (please refer to [section 12.5.7](#)); however, customs clearance is part of the procurement process, and thus the responsibility of the field office logistic focal point. Refer to the paragraph 11 of [Policy and Procedures on Management of Programme Supplies](#) for further information for goods falling under the category of programme supplies.
- 13) If UNFPA is the owner of the goods, be present at the time of customs clearance, receiving an inspection. It is the responsibility of the field office logistic focal point to complete the [Receiving and Inspection Report](#) and also [Damaged and Missing Goods Report](#) as and if applicable.
- 14) Compare the actual total lead time, including logistics activities with the lead time estimated at the outset of the procurement process and document the lessons learnt.

Throughout this process, the field office logistic focal point or equivalent/or consignee should be kept informed of expected and actual delivery dates in order for them to consider the updated information in their local planning.

### 12.1.2 Order Tracking System (“OTS”)

The [OTS](#) is an important tool in order to maintain proper order management. The system facilitates maintaining an overview of all active orders and underpins the communication between country offices, PSB and the suppliers. It should be noted that OTS does not track local procurement conducted under local purchase order business units (Atlas business units other than UNFPA).

All personnel involved in the procurement process may use the web-based OTS to retrieve shipping information for any purchase order issued under the UNFPA location. UNFPA personnel with myUNFPA access rights may access OTS using their myUNFPA credentials. Field office personnel must first log into <https://www.unfpaprocurement.org/home> and set up the countries they support on their profile. This permits the UNFPA personnel to access OTS. Field office personnel should contact their PSB focal point for further assistance.

Field offices can find the information in OTS regarding orders and input the relevant information from their end by:

- 1) Logging on to the system through a username and login ID;
- 2) Choosing a purchase order from the list for the specific field office;
- 3) Viewing delivery details such as expected shipments and delivery schedule for the purchase order;
- 4) Confirming physical receipt of goods, including dates and condition of the goods;

Suppliers fill in and update the shipping information of the different purchase orders in OTS by:

- 1) Logging on to the system through a username and login ID;
- 2) Selecting the relevant purchase order for that specific supplier (suppliers have access to the information regarding only purchase order placed to them);
- 3) Confirming receipt of a purchase order by entering/updating shipment information such as delivery information estimated time of departure (“ETD”) and estimated time of arrival (“ETA”) in the relevant purchase order. Dates can be changed at a later stage as appropriate;
- 4) Inspection, sampling and testing related data;
- 5) Selecting which items will be included in the shipment;
- 6) Specifying the quantities that will be shipped;
- 7) Entering actual time of departure (“ATD”) and actual time of arrival (“ATA”) of shipments;
- 8) Upload of shipping documents and update the relevant date fields;

The Order Tracking System (OTS) must be updated on a continuous basis by all parties involved in the process (e.g., suppliers, freight services providers, PSB procurement focal points, field office logistics focal points and field office procurement focal points) as described in the [Policy and Procedures on Management of Programme Supplies](#).

PSB procurement focal points should ensure that suppliers and freight forwarders timely provide all required shipping documents and accurately update OTS data. Refer [Policy and Procedures on Management of Programme Supplies](#) for further details regarding the OTS requirements under programme supplies.

The field office logistics focal points are responsible to update and maintain OTS data requiring field office inputs (e.g., shipment documents received date, goods arrived date, customs clearance status) for all procurements conducted through PSB (i.e., programme supplies and non-programme supplies procurements). The field office operations manager should review and monitor the information available in the OTS and take action on identified problems of the process.

A practical reference to these procedures can be found in the help menu from [OTS system](#).

## **12.2 Packing and labelling**

### **12.2.1 Packing**

The nature of the goods together with the mode of shipment and the climatic conditions during transit and at the destination, determine the required packaging.

The durability, size and weight of the packages must be considered in relation to the planned means of transportation. It must be ensured that the equipment, warehouse facilities, operators and

laborers involved in the shipment of the goods have the capacity to handle the goods in the chosen packaging. For instance, some port facilities cannot handle 40ft. containers.

The climatic conditions both at the end destination and in-transit, should be considered to ensure that packaging would withstand heat, cold, rain, humidity, mold, dust, salt water spray, etc. Goods that require a constant temperature must be shipped satisfying cold chain requirements. It is recommended to include temperature monitors to ensure that the temperature is maintained within the acceptable ranges.

To be on the safe side, one should always assume that shipments will be handled roughly and loaded and offloaded numerous times before reaching the final destination.

The following shall also be taken into consideration to make the right decision for packing:

Containerization of cargo could be considered for extra protection and in order to be able to handle the shipment more effectively, however, this may increase the costs. If containers are used, UNFPA should always try to make full use of their space to minimize costs and ship only full containers, as the rate for shipment of a container usually does not depend on the weight and volume of its content (unless total allowable payload is exceeded). The use of LCL (less than full container load) containers that consolidates consignments from different clients exposes UNFPA to the risks of theft, pilferage and delays if any of the consignments being shipped together should experience difficulties in customs clearance at any point along the way. Further, small consignments risk facing delays while waiting to make up a full container load. It is therefore recommended, where possible, to plan loads that fill up a container. Air freight shall be considered as the alternate option for full container load (“FCL”). LCL should be considered only if the cost of LCL is significantly cheaper than the air freight and the associated risks (from the commodity, financial, programme and logistics aspects) are reasonably assessed as insignificant. Please refer to [section 12.3.1](#).

*Table 11: Containers: size, volume, payload and types*

<b>Dimensions</b>	<b>20 ft.</b>	<b>40 ft.</b>
Inner length (approx.)	5.90 m	12.02 m
Inner width (approx.)	2.33 m	2.33 m
Inner height (approx.)	2.35 m	2.35 m
Payload (approx.)	19.5 Metric tons	28 Metric tons
Cubic meters (approx.)	33 m <sup>3</sup>	67 m <sup>3</sup>



*Table 12: Depending on the size and type of the shipped goods, different types of containers are used*

<b>Type of Containers</b>	<b>Description</b>	<b>Instructions for usage</b>	<b>Examples of goods that are shipped in different type of containers.</b>
Dry cargo type (“DC”)	Most common type of container	Standard dry containers are used for all types general cargo (dry cargo)	Male condoms, female condoms
Open top type (“OT”)	No hard top	Open-top containers are used for all types of general cargo (dry cargo). Their main features are as follows: - packing and unpacking from above or through the doors by crane or crab - can be used for tall cargo	Machinery, high roof rolling equipment/vehicles.
Flat rack type (“FR”)	No top and no sides, only end walls	Flat racks are mainly used to transport heavy-lifts and over height or overwidth cargoes.	Machinery, building & construction machinery, and general cargo not meeting regular containers height or width.
Refrigerated type	For the transport of perishable items	Refrigerated containers are used for goods which need to be transported at a constant temperature above or below freezing point	Oxytocin, implants that should be shipped with cold chain requirements.
Super/High Cube type (HC)	Higher than standard dry cargo containers	High-cube containers are used for all types general cargo (dry cargo). However, they are particularly suitable for transporting light,	All commodities equally possible to ship in regular containers. Used to optimize loading capacity on bulk items. Often used for <u>higher build palletized</u> cargo required for stacking – due to

Type of Containers	Description	Instructions for usage	Examples of goods that are shipped in different type of containers.
		voluminous cargoes and overheight cargoes	extended door height and inside height.
Platform type	A floor structure with extremely high loading capacity; they have no side or end walls	Platforms are used principally for oversized and very heavy cargoes.	Pre-fab tents, trucks, trailers, rolling equipment and general odd size units. (limited availability in depots)
Tanks	Tank containers	Tank containers are used for liquid cargoes	Gas, general fluids, petrol, grain, flowers and wheat. (rarely used by UNFPA)
Bulk	Bulk containers	Bulk containers are used in particular for transporting bulk cargo, such as grain. However, they may also be used for transporting general cargo.	

### 12.2.2 Shipping instructions

Standard shipping instructions are documents specifying how the goods are to be packed and shipped and who is to be notified upon shipment. They are part of the purchase orders prepared by the procurement personnel and their content is based on the information available in the [Country Profile Database](#). It is the responsibility of the field office logistics focal point to review and update the information in the country profile database on a quarterly basis for ensuring the accuracy and completeness. This task should be performed in consultation with the relevant PSB procurement focal points as the information is used by PSB for providing accurate and up-to-date shipping instructions to the commodity suppliers.

UNFPA's shipping instructions also contain information regarding:

- Purchase order number;
- Country;

- Consignee details, such as address, country, name, phone/fax, email, and contact person. In case UNFPA is not a consignee, the information ‘Notify Party’ should be included (country office details) in the shipping documents;
- Shipping marks;
- Special markings, labelling of the packages and printing requirements (if applicable);
- Documentation required;
- Documents distribution (who should receive original documents by courier);
- Information on:
  - Inspection, sampling and testing requirements;
  - Information regarding split shipments;
  - Shelf life requirements;
  - Insurance requirements;
  - Delivery on weekend/holiday;
  - Other order and country specific requirements;
  - Acceptance;
- Template for standard shipping instructions.

### 12.2.3 Shipping documents

Complete and appropriate shipping documents are of critical importance for the timely delivery of goods. The supplier needs the shipping documents to move the order from its premises, and to receive payment from the relevant procurement personnel. The freight forwarder requires the shipping documents to contract carriage, the consignee requires the shipping documents to claim the goods on arrival, and the consignee or notify party requires the shipping documents to handle customs clearance. Each stage of the shipment generates documents that may be required once the equipment is in the country, for instance to register a vehicle or radio equipment.

The exact contents of a set of shipping documents depend on the type of goods being shipped, the means of transport, who is shipping the goods (freight forwarder, supplier, etc.), and any special requirements of the receiving country. UNFPA’s shipping instructions indicate the specific requirements for a given order.

While the particular shipping documents required vary from case to case, every shipment should have as a minimum documented evidence of:

- 1) Commercial invoice (describing the goods and indicating their value);
- 2) Packing list (descriptions of content, total number of packing units, markings, weight and volume of each);
- 3) Waybill (air waybill [AWB] for air shipment, for instance) or bill of lading (B/L) to consignee marked “freight prepaid” (contract of carriage between the shipper and the carrier, indicating how goods are being shipped and when they will arrive. The B/L additionally evidences that the carrier has received the goods for shipment, and is conclusive evidence that the goods were shipped as stated. It also possesses

the unique characteristic of documenting ownership to the specified goods (a document of title).

The following shipping documents can also be requested:

- 1) Certificates of origin (indicating the country of origin or manufacture of the goods, issued by a local chamber of commerce. A certificate of origin is usually required for importation and is also used for statistical purposes);
- 2) Certificate of manufacture (confirming manufacturer of the product by the manufacturer);
- 3) Forwarder's certificate of receipt (proof that the supplier has handed over goods to the freight forwarder when a separate order is issued to a freight forwarder);
- 4) Insurance certificates (as and if applicable);
- 5) Product licenses, product certification (as and if applicable).

In addition, a number of certificates certifying quality can be required. These certificates are usually provided by the supplier.

The duties and the responsibilities of the supplier, freight forwarder, field office logistic focal point and PSB procurement focal points in relation to producing accurate shipping documents in a timely manner, sending, verifying and ensuring receipt of shipping documents are specified in the 'shipping documents' section of the [Policy and Procedures on Management of Programme Supplies](#). These duties and responsibilities are applicable to all goods purchased by UNFPA apart from the goods associated with the third party procurement.

The following definitions are frequently used terms in shipping documents:

- **Consignee**

The consignee address may be, but is not necessarily, identical to the delivery address. The consignee shall always receive a copy of the shipping documents. Please refer to the [Policy and Procedures on Management of Programme Supplies](#) for detailed information on the consignee. UNFPA does not act as the consignee when the goods are procured for third party customer under normal circumstances. Exceptions should be assessed and considered on a case by case basis in consultation with PSB.

The consignee may take care of customs clearance (refer to [section 12.5.7](#)) and other government formalities upon the request of procurement personnel in question. However, this may also be handled by a notify party, as defined below.

- **Notify party**

A notify party may be engaged by procurement personnel (or the consignee) in order to arrange customs clearance of goods and other government formalities. In such case, shipping documents are also to be forwarded to the notify party.

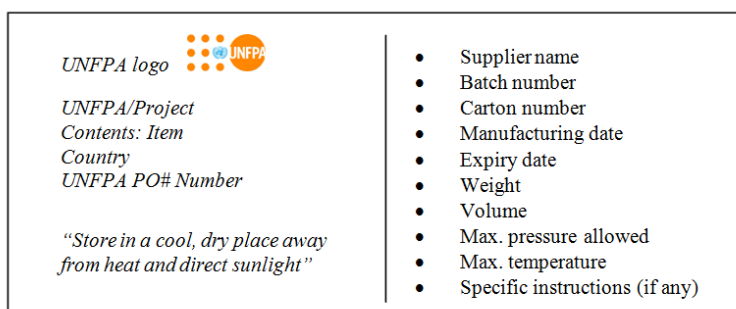
- **Delivery address/final destination**

The delivery address or final destination is the address of the end user where the goods are to be physically delivered. Whenever field offices are not named as consignees of shipments associated with programme procurement they should be listed as the “Notify Party” on the shipping instructions.

### 12.2.4 Labelling and shipping marks

The typical UNFPA shipping mark for UNFPA programmes looks as follows:

*Figure 1: UNFPA shipping mark*



For third party procurement orders, additional information related to the TPP customer is shown in the labelling and shipping marks; e.g., the relevant pro-forma invoice number.

## 12.3 Shipping and transportation

### 12.3.1 Modes of transportation

Four basic modes of freight transportation are typically used, either individually or in combination: sea, rail, road, and air. Selected mode of transportation must be indicated in the ‘ship via’ field of the goods purchase order, regardless of whether freight services are part of the purchase order or not.

UNFPA must consider both economy and efficiency when choosing the mode of transport. In general, rail, road and air transport costs are comparatively higher than freight by sea, thus in general sea transport is recommended. Maritime freight typically counts for 15-20 per cent of the costs of the goods, and airfreight may represent up to 100 per cent (or even more). International shipments by sea take on average three to five weeks (but can be considerably longer), while air shipments usually take less than a week. The balance of operational parameters such as time and financial resources and programme requirements such as timely delivery requirements to meet programme objectives (excluding the urgencies generated by poor planning) should determine the mode of transportation. PSB always maintains a stringent control over the selection of the mode

of transportation for the procurement conducted by PSB and the decisions are governed by the parameters mentioned in this section.

Procurement personnel should prioritize transport preferences in accordance with the following criteria:

- 1) The cheapest means of transport that meets delivery requirements of the UNFPA programmes or TPP customers, as applicable;
- 2) If possible, scheduling through the fewest number of transshipment points;
- 3) If possible, shipping via preferred transshipment points and customs;
- 4) Using dedicated freight forwarders wherever possible;
- 5) Applying a 1:4 ratio rule for air shipment: i.e., ship by air if less than 25 per cent of cost of goods if the total air freight cost is below USD 10,000;
- 6) Weight of the cargo should be taken in to consideration as follows:
  - a) If the cargo weight is less than 1000 kg, the recommended mode is air freight and it is not a must to compare sea and air quotations to make the final decision;
  - b) If the cargo weight is above 1000 kg and can be accommodated in FCL 20ft container, quotations should be compared for sea and air modes and select the lower option;
  - c) If the cargo cannot be accommodated in FCL 20ft container, the default mode is sea freight and it is not a must to compare sea and air quotations to make the final decision;
  - d) Cargo that requires cold chain arrangements and the weight is above 1000 kg should be arranged after comparing both sea and air options.
- 7) Shipping (below 1000 kg) by air when a cold chain is required;
- 8) Shipping by air in order to avoid logistics issues faced with sea/land shipments which are beyond the control of UNFPA and also provided that the cost difference between sea/land freight and air freight can be justified based on potential additional costs associated with foreseen risks (such as customs clearance issues regularly faced with some destinations/sea ports/dry ports and high probability of incurring additional demurrages and port charges);
- 9) Shipping by air if the cost difference between air and sea/land option is only 10 per cent of the sea/land freight cost or USD 5,000 whichever is less;
- 10) Shipping by land or sea if dangerous goods are involved.

Finally, procurement personnel should make a prioritized list of all technically feasible solutions. If a priority solution falls within the pre-defined budgetary framework, the plan should be executed. It is the responsibility of the PSB regional team leads (shipments arranged by PSB) and the field office operations staff (shipments arranged by field offices) to ensure that the optimal mode of transportation is selected per the procedural guidance provided in these procedures.

If the best solutions fall outside the framework or if no solution is feasible, procurement personnel should present the existing options to the requesting office or to the PSB and ask for a decision.

Note:

Exceptions to the above provisions must be justified in a note to file prepared by the field offices and approved by the PSB regional team leads when the freight value exceeds USD 100,000.

### 12.3.2 Forwarding agents

Forwarding agents, also known as freight forwarders or freight brokers, are contracted by UNFPA or the supplier to carry out the formalities and operations of consignments.

The use of an appropriate freight forwarder reduces the risk of the procurement operation, since part of the risk is transferred to the selected forwarding agent. Further, the choice of an appropriate forwarder in itself reduces risk due to the forwarder's experience and specialized knowledge.

UNFPA must ensure that the respective forwarding agent has all necessary documents for the release of goods in transit.

*Note:*

The procurement of freight forwarding services should ideally be done jointly with other United Nations organizations. UNFPA field offices should therefore take all possible actions to use existing United Nations long term agreements for procuring freight services.

### 12.3.3 Incoterms

Incoterms are standard terms, established by the [International Chamber of Commerce \(“ICC”\)](#), defining the obligations of both the “buyer and seller” relating to the shipment of goods. They are used worldwide in both international and local trading. The ICC definition of Incoterms is the official definition and only one recognized by UNFPA.

The scope of Incoterms is limited to matters relating to the rights and obligations of the parties to the contract of sale with respect to the costs and risks related to the delivery of goods sold.

Incoterms clearly define the allocation of tasks, costs, and risks associated with the transportation and delivery of goods between the seller and the buyer. They specify where the seller delivers the goods, what costs the seller pays, and when the seller passes the transit risk to the buyer. Procurement personnel may request suppliers to quote supply under more than one Incoterm, for example when considering whether to contract freight through the supplier or independently.

The clear definition of trade terms reduces the risk of misunderstanding and, as the ICC offers an arbitration service, their interpretation is widely accepted.

Incoterms 2010 shall govern shipment terms of UNFPA contracts so long as this requirement is stipulated in the general terms and conditions of contract. Reference to an appropriate Incoterm shall be made in all contracts requiring shipment. The Incoterm must always refer to a named place (city, country, etc.).

Typically, CPT (carriage paid to) will be the Incoterm of reference for UNFPA for international procurement where the supplier arranges transportation (preferred option). Thus, it is recommended to ask for CPT prices in the solicitation documents.

For field procurement not associated with international shipments, typical incoterm would be DAP (delivered at place) as the risks would be borne by the vendor during transit (please find below additional considerations related to cargo insurance).

In the event that the goods have already been imported by the supplier and import duties have already been paid, UNFPA will provide relevant duty/tax free certificates to the supplier, in order for the supplier to get reimbursed the value of the import duties and for UNFPA to only pay the tax free price.

If other choices than CPT and DAP of Incoterm are considered, PSB shall be consulted in order to identify the most suitable option.

## **12.4 Insurance**

### **12.4.1 Insurance during transportation**

During transportation and storage, all goods are vulnerable to a range of risks, such as damage, pilferage and theft, breakage, non-receipt of part or an entire consignment. Cargo and warehouse insurance is thus required to provide protection against potential financial losses resulting from such risks.

It is also imperative to ensure protection for goods subject to other risks, including war, strikes, riots and civil commotion. Further, the duration of insurance coverage must be sufficient for the period of transportation, from warehouse to warehouse, including storage at the destination site over the period time covered by the cargo insurance.

Currently several United Nations agencies, including UNFPA, have come together and negotiated a joint global cargo and warehouse insurance contract. This insurance is all-risk insurance with worldwide coverage. The following applies:

- 1) The insurance premium paid by UNFPA is a percentage of the cost of the goods, plus freight. It will be charged to the same chart of account as the one used in the purchase order;
- 2) The value insured is the cost of the goods plus the freight value plus an agreed percentage to reflect the indirect cost of replacing the goods;
- 3) Coverage commences at the point the risks are transferred to UNFPA in accordance with the Incoterm used. This typically happens when goods are handed over by the supplier to the freight forwarder up until the final destination as stated in the shipping instructions;
- 4) Insurance coverage expires 90 days after the arrival of the goods at the port of destination, therefore if events such a customs clearance processes, domestic transportation and other activities, are likely to take long time and delay delivery of the goods accordingly, the field office logistics focal points must alert PSB focal point and request an extension of the insurance coverage beyond the standard 90 days;



- 5) All relevant requests associated with global cargo and warehouse insurance should be submitted to the respective PSB focal point copying [psb.insurance@unfpa.org](mailto:psb.insurance@unfpa.org).

#### ***12.4.1.1 International procurement conducted by PSB or by the COs***

International consignments are automatically covered by the joint global cargo and warehouse insurance contract provided the correct incoterm has been entered in the corresponding Atlas purchase order; i.e., incoterms of the E (e.g. EXW), F (e.g. FCA) or C (e.g. CPT) families. PSB shall review the purchase orders entered by all business units on a monthly basis and those purchase orders associated with international cargo arrangements will be included in the monthly insurance premium report. The purchase orders that will be included in the monthly insurance premium report will be covered by the global cargo and warehouse insurance retroactively from the date of the purchase order. In order to avoid the risk of relevant purchase orders being left out and, hence, consignments not being covered by the global cargo and warehouse insurance, the field offices must ensure purchase orders associated with international cargo are issued using the appropriate Incoterms (refer to [section 12.3.3](#)).

Requirements for insuring the goods in transit that are legally owned by UNFPA against the potential losses or damage are explained in the Step 7 of the [Policy and Procedures on Management of Programme Supplies](#). The same requirements are applicable for non-program supplies UNFPA owned shipments in transit.

#### ***12.4.1.2 Local procurement by field offices***

For local shipments, cargo insurance is to be arranged by the commodity supplier or the freight forwarder, hence the Atlas purchase orders for local shipments should be issued using a “D” incoterm such as DAP or DAT (refer to [section 12.3.3](#)). The use of a different Incoterm will result in an insurance premium being automatically charged through the monthly insurance premium report, and, hence in the local cargo being insured twice, i.e., by the supplier (or freight forwarder) and by the global cargo and warehouse insurance, something that will result in additional costs for UNFPA.

### **12.4.2 Warehouse insurance**

Refer the Step 11 of the [Policy and Procedures on Management of Programme Supplies](#) for further information on authorization requirements to hold inventory in stock, PSB managed stock, selection of field office warehouses, warehouse location and design, storage conditions, and insurance arrangements.

All UNFPA controlled goods while in storage must be insured to protect UNFPA interests.

Inventory held at UNFPA managed warehouses must be insured by the UNFPA global cargo and warehouse insurance managed by PSB. Field office logistics focal points must report to PSB the value of the goods held on a monthly basis so that adequate insurance coverage can be maintained. The cost of the insurance coverage is borne by the field offices holding the inventory.

Inventory held at third party-managed warehouses, including those of other United Nations organizations or programme partners, must also be insured at all times. The field office logistics focal points must assess the adequacy of the insurance arrangements in place and ensure that the warehousing agreement clearly outlines the coverage provided for UNFPA goods. If the inventory of UNFPA is not adequately covered by an appropriate insurance coverage, the field office logistics focal points must report to PSB the value of the goods held on a monthly basis so that adequate insurance coverage can be arranged.

All relevant requests associated with global cargo and warehouse insurance should be submitted to the respective PSB focal point copying [psb.insurance@unfpa.org](mailto:psb.insurance@unfpa.org).

In cases where UNFPA holds goods at supplier warehouses (e.g., PSB managed warehouses) the contents of these warehouses must be insured through the UNFPA global cargo and warehouse insurance unless the warehouse agreement with the supplier specifies otherwise.

Please refer Step 7 of the [Policy and Procedures on Management of Programme Supplies](#) for further details associated with insurance of goods in field office controlled warehouses.

### **12.4.3 Insurance Claims**

In the event of a potential cargo insurance claim, regardless of the category of the goods, field offices should revert to the insurance agreement immediately after the field offices are made aware of the situation.

For purchase orders issued by PSB or international purchase orders issued by field offices, notice of potential loss or damage during transit must be communicated to the relevant PSB procurement focal point as soon as the field offices are made aware of the situation. PSB will then review the case and follow up with the field office and insurance broker to assess whether a formal claim can be submitted.

Insurance of goods under the UNFPA global cargo and warehouse insurance expires 90 days after arrival of the goods at the port of destination. Therefore:

- The field office logistics focal points must alert the PSB procurement focal points when the customs clearance process is expected to take more than 90 days as the delay in customs clearance may increase chances of product damage, pilferage or loss. PSB procurement focal points are responsible to work with the PSB global cargo and warehouse insurance focal point to extend the insurance coverage period past the standard time.

- In the event of goods being damaged or missing, the field office logistic focal points must communicate the details of the identified damaged or missing goods within two (2) days from the date of conducting the receipt and inspection of the shipments. The standard [Receiving and Inspection Report](#) and the standard [Damaged or Missing Goods Report](#) together with digital pictures demonstrating the nature and extent of the problems identified and other supporting documents should be submitted to the PSB procurement focal point copying [psb.insurance@unfpa.org](mailto:psb.insurance@unfpa.org).

It is important that this is done in a timely manner to avoid the risk of the cargo not being covered any longer by the global insurance.

Insurance claims associated with the UNFPA Inventory held at UNFPA managed warehouses and third party-managed warehouses that are covered by the UNFPA global cargo and warehouse insurance must also be submitted to PSB procurement focal points as soon as the field offices are made aware of the situation (maximum within two days). The field office logistic focal points must provide the [Damaged or Missing Goods Report](#), together with other supporting documents, to the PSB procurement focal point copying [psb.insurance@unfpa.org](mailto:psb.insurance@unfpa.org).

Refer [guidance note](#) on how to make a claim against UNFPA global cargo and warehouse insurance for further details.

## 12.5 Reception, inspection and return

### 12.5.1 Physical receipt of goods and services

All programme and non-programme goods to be received are subject to comprehensive receiving and inspection and documentation. The standard [Receiving and Inspection Report](#) must be used to complete the required documentation.

In each field office, the relevant receiving officer (field office logistics focal point for programme supplies) is responsible for physically receiving and inspecting all equipment, supplies, and other property received. For assets, the receiving officer must also notify the fixed asset focal point to ensure that the items are properly tagged and entered in the asset management module of Atlas.

Please refer to the [Policy and Procedures on Management of Programme Supplies](#) for details of required actions in regards to the receipt of programme supplies. For this purpose, the [Policy and Procedures on Management of Programme Supplies](#) applies to all goods procured by UNFPA as applicable.

### **12.5.2 Shortage-damage-discrepancy**

The shortages and damages identified at the receiving and inspection stage must be reported to the relevant procurement personnel within two (2) business days of the inspection using the standard [Damaged or Missing Goods Report](#).

Please refer to the [Policy and Procedures on Management of Programme Supplies](#), which indicates the actions to be taken when shortage, damage or discrepancy occurs. For this purpose, the [Policy and Procedures on Management of Programme Supplies](#) applies to all goods procured by UNFPA.

### 12.5.3 Physical and financial receipt of purchase orders issued by PSB for field duty stations

The provisions made in the sections [12.5.1](#) and [12.5.2](#) are applicable to the physical receipt of goods associated with the purchase orders issued by PSB.

**Special Note:** The following provisions are applicable for entering financial receipts in Atlas by PSB procurement focal points:

- Financial receipts are created in the purchasing module in Atlas. In compliance with the applicable procedural requirements, financial receipts must be created by the authorized personnel in Atlas when the goods or services have been delivered to UNFPA. Goods are considered ‘delivered’ when the control over the goods has been transferred to UNFPA. This is determined based on the Incoterm of the order. Services are considered as ‘delivered’ upon verification that the services were of acceptable quality and in conformity with the service contracts;
- The shipping documents as described in the table 13 (or a confirmation by the requisitioner that the services have been satisfactorily performed) constitute the basis on which the financial receipts are created in Atlas by the procurement personnel at PSB. A quantity less than the quantity of the purchase order can be financially received;
- Financial receipt in Atlas is a prerequisite for processing payments. Payments should be processed only after receiving complete set of shipping and supporting documents as instructed in the shipping instructions.

The following table shows the points in time when goods/services are considered as delivered and lists the documents required for financial receipt creation.

Table 13: Prerequisites for creation of financial receipts in Atlas

<b>Incoterm</b>	<b>Purchase order type</b>	<b>Timing of creation of financial receipts (FR)</b>	<b>Documents required for financial receipts (FR)</b>	<b>Receipt date (as recorded on the “Header Details” page in ATLAS)</b>
EXW	Supplier provides only goods	FR created when goods have been made available to UNFPA at agreed pick-up point	Supplier’s confirmation that goods have been placed at the agreed place/freight forwarder’s receipt/UNFPA confirmation of pick-up	Agreed date when goods have been made available to UNFPA at agreed pick-up point
CPT/CIP/FCA (i.e., Incoterms related to all transport modes).	Supplier provides only goods or both goods and freight.	FR for goods and freight shall be done when the goods have been handed over to the "first" carrier, as this is when the risk transfers from the Supplier to UNFPA.  Note: FR for freight shall NOT be sent for payment until confirmation from the supplier of the final freight amount. If final freight amount is below the amount of FR, the FR must be amended prior to sending for payment.	Copy of transport document (e.g., FCR/CMR) demonstrating that the goods have been handed over to the "first" carrier plus Invoice OR Packing List, enabling the Procurement/ Logistics personnel to verify the content of goods provided.  Note: a copy of the original BoL/AWB can be used in the absence of a FCR/CMR as long as the BoL/AWB is dated in the same financial year as the goods were	Date when goods were handed over to the "first" carrier.  Note: in the absence of the exact date when goods were handed over to the "first" carrier, the date of the BoL/AWB/FCR/CMR (when goods have been handed over/loaded to “main” carrier) can be used as long as this happened in the same financial year as the goods were handed over to the first carrier.

<b>Incoterm</b>	<b>Purchase order type</b>	<b>Timing of creation of financial receipts (FR)</b>	<b>Documents required for financial receipts (FR)</b>	<b>Receipt date (as recorded on the “Header Details” page in ATLAS)</b>
			<p>handed over to the “first” carrier.</p> <p>If the goods were handed over to the "first" carrier in a year prior to the date of the BoL/AWB/FCR/CMR, then the procurement/ logistics personnel needs to request a copy of the transport document demonstrating this in order to record the financial receipt.</p>	
<p>FOB/CFR/FCA (i.e., Incoterms related to sea freight transport).</p>	<p>Supplier provides only goods or both goods and freight.</p>	<p>FR for goods and freight shall be done when goods have been handed over to the "main" carrier, as this is when the risk transfers from the supplier to UNFPA.</p> <p>Note: FR for freight shall NOT be sent for payment until confirmation from supplier of the final freight amount. If final freight amount is below the amount of receipt, the FR must be amended prior to sending for payment.</p>	<p>Copy of original BoL/AWB/FCR/CMR (demonstrating that those goods have been handed over/loaded to "main" carrier plus invoice OR packing list, enabling the procurement/logistics personnel to verify the content of goods provided.</p>	<p>Date of BoL/AWB/FCR/CMR when goods have been handed over/loaded to “main” carrier.</p>

Incoterm	Purchase order type	Timing of creation of financial receipts (FR)	Documents required for financial receipts (FR)	Receipt date (as recorded on the "Header Details" page in ATLAS)
Freight service (Incoterm N/A).	Supplier provides only FREIGHT (includes cases when UNFPA contracts a freight forwarder directly or when UNFPA asks the manufacturer that holds UNFPA stock at their premises to arrange a freight forwarding service for UNFPA stock).	FR for freight shall be done when goods have been picked-up by the freight forwarder (i.e., goods have been handed over to the "first" carrier).	Documentary evidence demonstrating that goods have been picked-up by the freight forwarder, i.e., freight forwarder's receipt of goods OR copy of original.  BoL/AWB/FCR/CMR plus commodity invoice OR packing list OR other document which shows that the freight document is related to a certain order, to verify that correct goods have been shipped.	Date of when the freight forwarder picks up the goods from the supplier, or date of BoL/AWB/FCR/.  CMR as long as this is dated in the same financial year as the first pick-up.
DAP	Supplier	FR for both goods and freight shall be	Copy of BoL/AWB/FCR/CMR plus	Date of arrival and unloading of



<b>Incoterm</b>	<b>Purchase order type</b>	<b>Timing of creation of financial receipts (FR)</b>	<b>Documents required for financial receipts (FR)</b>	<b>Receipt date (as recorded on the “Header Details” page in ATLAS)</b>
	provides goods and freight.	<p>created upon arrival of goods to the named place of destination (incl. unloading - if the delivery destination is a landlocked country - and terminal handling charges paid).</p> <p>Note: customs clearance is the responsibility of the consignee, even if the final destination is in-land.</p>	<p>written confirmation from supplier that terminal handling charges (THC) and unloading have been arranged and paid for (if applicable).</p> <p>Note: Supplier is normally not responsible for unloading under DAP, but UNFPA’s RFQ template includes unloading for landlocked destinations, so if unloading was part of the contract, evidence of the freight forwarder having paid for this will be required for creation of FR.</p>	goods at the destination point (if unloading was part of the contract).
DDP (UNFPA should not use DDP in general. Prior approval from the Chief of Procurement should be obtained for using DDP)	Supplier provides goods, freight, and customs clearance.	<p>FR created when goods have arrived and been customs cleared at the final destination.</p> <p>Note: payment request shall only be submitted to the PSB finance team after goods have been inspected and found to be in good order by the consignee as long as the consignee confirms this within the agreed time period, usually 2-4 weeks’</p>	<p>Proof of delivery and import customs clearance completed by the supplier.</p> <p>Note: documentation required for payment request shall be as stipulated in the purchase order and will include acceptance by consignee (if within stipulated time-frame).</p>	Date of arrival at final destination (after customs clearance) as indicated in the delivery documents.

<b>Incoterm</b>	<b>Purchase order type</b>	<b>Timing of creation of financial receipts (FR)</b>	<b>Documents required for financial receipts (FR)</b>	<b>Receipt date (as recorded on the “Header Details” page in ATLAS)</b>
terms).		time after arrival of goods at destination.		

#### **12.5.4 Physical and financial receipt of purchase orders (POs) issued by PSB for headquarters, New York**

The provisions made in the section [12.5.1](#) and [12.5.2](#) are applicable to the physical receipt of goods associated with the purchase orders issued by PSB for headquarters, New York.

The Chief, FASB, is responsible for the receipt, inspection, and handover of all equipment, supplies, and other property received at headquarters New York to the requesting unit. For internal control purposes, the receiving unit must be a separate and/or independent unit from PSB and from the payments unit. All assets and attractive items as defined in the [Fixed Asset Management Policy](#) are received by the asset management associate, who also performs the financial receipt in Atlas.

Purchase orders associated with services should be financially received by the designated personnel after receiving confirmation that the services have been satisfactorily performed.

#### **12.5.5 Physical and financial receipt of purchase orders issued in field duty stations**

The provisions made in the sections [12.5.1](#) and [12.5.2](#) are applicable to the physical receipt of goods associated with the purchase orders issued by the field offices.

The timing of creation of financial receipts for purchase orders issued in field duty stations is driven by the terms and conditions associated with each order and normally happens when UNFPA gains physical possession of the goods, after verifying their correspondence to the conditions of the order. Therefore, timing of creation of financial receipts for purchase orders issued in field duty stations normally coincides with the timing of physical receipt of the goods. However, financial receipts for goods shipped internationally should be created in line with the requirements outlined in table 13.

#### **12.5.6 Returning goods**

Once goods have been received by UNFPA, any attempts to return them to the supplier after acceptance are likely to result in charges. Returns should be discouraged except in the following cases:

- Physical damage or defect not inflicted by UNFPA whether in transit or not;
- Non-compliance with purchase order;
- Product supplied does not meet the manufacturer's and/or vendor's claims and specifications; and
- Product is deemed unsafe in any way or is not compliant with national and/or UNFPA safety requirements.

It should be emphasized that, in principle, goods should not have been received in the first instance if any of the above situations occur.

Should any of the above conditions arise, the receiving officer shall make a written statement to the concerned supplier listing all defects or other reasons for rejection. A copy of the notification letter shall be sent to the insurance company if a party other than the supplier insured the goods. Special care should be taken to retain all original accessories, instructions and manuals together with the original packaging.

The standard [Receiving and Inspection Report](#) and the standard [Damaged or Missing Goods Report](#) must be used to complete the required documentation.

### **12.5.7 Consignee and custom clearance**

Please refer to the [Policy and Procedures on Management of Programme Supplies](#) for detailed information regarding consignee (step 7 of the Policy and Procedures on Management of Programme Supplies) and custom clearance (step 9 of the Policy and Procedures on Management of Programme Supplies). The same procedure applies for all types of goods and assets procured by UNFPA with the exception of third party procurement (TPP).

As a general rule, UNFPA shall not act as the consignee or conduct the customs clearance for TPP orders.

## **12.6 UNFPA-specific topics**

### **Restrictions on the import of goods**

Countries may impose certain restrictions on specific goods being imported. Pharmaceuticals (and sometimes contraceptives) typically require prior authorization from the concerned ministry who will issue a license. This is referred to as “country registration” and it typically applies to contraceptives, although also to other goods. The receiving office must ensure that any required certification or permit is in order before issuing the purchase order.

Some countries ban goods of certain origins for political reasons.

These factors must be considered in due time so that no impediments are faced at a later stage.

## 13. CONTRACT MANAGEMENT

### 13.1 Overview

The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change. Contract management is aimed not at finding fault, but rather at identifying problems and finding solutions together with all contracting parties involved.

Contract administration is the responsibility of the procuring unit and the individuals in charge of the procurement process (the procurement focal point) and managing the relevant programme and administrative functions. The following parties are involved in managing the contracts and responsible for specific tasks:

- 1) Relevant programme or administrative personnel (typically identified as the focal point for the technical and operational matters on the signed contract) are responsible for maintaining effective and continuous control over the contractor on the delivery of the contractual obligations per the conditions of the contract. They must provide clear instructions to the procurement and relevant operations personnel regarding: a) the amendments that should be made to the contract on a timely manner; b) any performance gaps of the contractors; c) to release the installment and final payments to the contractor after receiving the expected deliverables; d) conducting the performance evaluation of the contractor; e) closing the contract from operational and financial aspects.
- 2) The budget owners are responsible for: a) making the budgets available for discharging the financial obligations established through the contracts and the contract amendments; b) ensuring that the contracts are executed in compliant with the rules, regulations, policies, and procedures as well as the conditions of the contracts; c) monitoring the implementation status of the contracts and make sure that the deliverables are delivered and completed per the conditions of the contracts.
- 3) The procurement focal points (typically identified as the focal point for contractual matters on the signed contract) are responsible for coordinating the entire contract execution process in collaboration with the relevant programme or the administrative personnel and the budget owners (the requesting unit takes the lead in this area when it comes to headquarters business units). Actions such as amending the contracts as requested, facilitating the process of taking remedies to rectify the performance gaps of the contractors, facilitating the payments processes, conducting the performance evaluation of the contractors and closing the contracts must be facilitated by the procurement focal points in compliant with the rules, regulations, policies, and procedures as well as the conditions of the contracts. The procurement focal points must maintain complete records of the contracts in respective files including the contract log.

In the case of the contracts and LTAs administered by PSB, the contracts team at PSB shall perform these tasks. When the contract owners are headquarters branches and divisions, the headquarters procurement team at PSB will assist with the process. However, contract administration will require the involvement and input of the requisitioner, and at times also the input of the end user, in case the two are not the same.

There are 9 potential components in the contract administration process:

- 1) Vendor performance evaluation;
- 2) Remedies;
- 3) Dispute resolution;
- 4) Financial management/payment;
- 5) Amendment and change management;
- 6) Contract completion;
- 7) Contract termination;
- 8) Property disposal;
- 9) Maintenance of files.

## 13.2 Vendor performance evaluation

Evaluating the performance of vendors is important, as it allows UNFPA to identify performance gaps, communicate these gaps to vendors and put in place supplier development programs. Such communication allows more collaborative relationship with vendors and usually leads to added benefits. It also allows UNFPA to be more strategic with supplier sourcing activities.

An [online tool](#) is available to record vendor performance evaluation information against a number of performance indicators, such as:

- 1) Quantity/quality of goods/services supplied;
- 2) Timing of delivery;
- 3) Accuracy of documentation;
- 4) Speed of response/communication (including proactive communication and disclosure of relevant information to performance).

### 13.2.1 Purchase order based evaluation

When goods have been received by the consignee, the last payment under a purchase order has been made, and there are no more pending claims, the supplier performance evaluation tool must be completed bearing in mind that:

- 1) Vendor performance evaluation is mandatory for:
  - a) all contracts issued to LTA suppliers for core reproductive health commodities (contraceptives, pharmaceuticals, and medical equipment) and associated services such as freight, inspection, sampling and testing regardless of the value;

b) individual Atlas purchase orders that equal or exceed USD 5,000 (for business units outside headquarters)/USD 10,000 (for headquarters business units and regional offices) for all other types of procurements

*Note:*

Nothing prevents procuring units from completing performance evaluations for contracts of lower value;

c) all purchase orders issued by PSB under UNFPA purchase order business unit regardless of the value and type of procurement;

- 2) No purchase order-based vendor performance evaluation is required in the situations where the vendor is a United Nations organization, implementing partner, landlord (lease and associated administrative costs such as electricity, water, security, telephone, etc.), individual to whom DSA is paid, or entity to whom expenditures are reimbursed.

In the case of contracts running over several years where purchase orders are issued each year for the respective deliverables/portion of the work, each purchase order must be evaluated separately if it falls under the categories above for which evaluation is mandatory.

### 13.2.2 LTA based evaluation

For long term agreements, besides purchase order based evaluation (see above), it is important to conduct annual supplier performance appraisal to understand the overall performance of the supplier holding the LTA, to resolve any performance issues on a timely basis, to decide whether further negotiation is required depending on business volume in order to achieve value for money, etc. UNFPA business units should use the [standard LTA Performance Feedback form](#) to summarize the results of the PO based performance evaluation and provide performance feedback to the suppliers holding LTAs with UNFPA at least on an annual basis. This will allow the UNFPA business units to share performance gaps with vendors based on factual information and identify and put in place vendor development programmes.

Performance feedback to the LTAs piggybacked by UNFPA should be provided using the templates specified by the lead United Nations agencies. The performance feedback to the LTAs established under common operations initiatives such as the BOS (Business Operations Strategy – refer [www.undg.org](http://www.undg.org)) framework and the United Nations operations management team (“OMT”) should be provided using the templates developed under the specific common operations initiative for that purpose. In the event no such templates exist, UNFPA business units are encouraged to provide the performance feedback using the [standard LTA Performance Feedback form](#).

This will help generate a United Nations system wide overview of LTA usage and allow the United Nations agencies to report to donors on efficiency and savings achieved through collaborative procurement activities.

### 13.2.3 Contracts for security services

For contracts for security services, the UNDSS chief security adviser/security adviser (CSA/SA) should be designated as the technical representative and be responsible for the day-to-day monitoring of the contractor's performance.

### 13.3 Remedies

A breach of contract may entitle the non-breaching party to certain remedies.

Good practice for choosing the appropriate remedy is to:

- identify the non-conformance;
- consider the cause (negligence from supplier or the United Nations organization, force majeure, etc.);
- consider the contract/type of requirement (goods, services or works);
- consider the context (e.g., sole source, competition, emergency);
- consider the beneficiary/end-user requirements;
- apply principle of proportionality.

When considering any contract remedy, seeking feedback from the supplier is prudent. As a practical business matter, the supplier should be given an opportunity to provide evidence against pursuing the remedy. That evidence might point to an excusable delay or impossibility of performance. Such evidence can lead to a remedy that is fair and just for both the United Nations organization and the supplier.

*[Please refer to the standard post award risk log template](#)*

#### 13.3.1 Termination

In some cases, the failure of one party to perform may give rise to the other party terminating the contract. Termination occurs when one party puts an end to the contract for breach by the other. The remedies for that breach normally include damages that indemnify the non-breaching party for any loss suffered due to breach and such damages generally are compensatory. In all cases of termination, the following steps must be followed:

- 1) The contract shall be terminated strictly based on the conditions of the contract including the provisions of the applicable set of the [UNFPA General Conditions of Contract](#);
- 2) Prior consultation and advice must be sought from the Chief, PSB, who will seek support from the Legal Unit, if required.

#### 13.3.2 Liquidated damages

The parties to a contract may expressly agree, in advance, to a sum that will be payable as damages for any breach. These liquidated damages are an estimate of actual loss that would be incurred and are not considered a penalty. Provisions for liquidated damages are included in the special



conditions of the UNFPA standard contracts. When delays result in extra costs, or loss of revenue or loss of other benefits to UNFPA, liquidated damages are paid by the supplier to UNFPA to cover costs incurred by the delay.

Liquidated damages are provided to cover late delivery and calculated as a percentage of the contract value up to a maximum amount. Liquidated damages for late delivery normally accrue for each day, or other period, calculated to account for late delivery.

When should liquidated damages be applied/not be applied?

- If the delay is the result of a force majeure or events beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable, and the supplier has been able to provide convincing evidence of the occurrence of such events, or if the delay is due to UNFPA negligence (e.g., error in design documentation) or to client stopping/delaying execution of the contract, liquidated damages must not be applied;
- If the delay is due to any other reasons related to the contractor, liquidated damages must be applied as per the terms of the contract.

Who decides the application/non application of liquidated damages?

- If there is no existing representation from the supplier requesting waiver of liquidated damages, the liquidated damages shall be deducted straightaway per the terms of the contract. In such cases, the UNFPA finance officer shall deduct the liquidated damages in the statement of payment issued to the supplier. There is no requirement of prior information to the supplier;
- If the supplier has already submitted a representation seeking waiver of liquidated damages, the decision to apply/not apply liquidated damages or to what extent liquidated damages should be applied, must not be taken by one individual only. In all cases, a note to file must be prepared recommending to what extent liquidated damages should be applied or omitted so that the head of unit can take a final decision. UNFPA must then notify the supplier of the final decision. Relevant records must be kept in the procurement file.

### **13.4 Dispute resolution**

Contracts must be clear and the responsibilities and obligations of both the supplier and UNFPA must be clearly defined in order to minimize the possibility of disputes and disagreements.

However, no matter how well a contract is drafted and its performance managed, disputes can and do arise. As potential disputes must be considered throughout the procurement process in order to resolve any dispute should it ultimately arise, a good understanding of how disputes are resolved is fundamental to effective procurement.

The preferred means of commercial dispute resolution is negotiation. All negotiations are based on an openness to compromise, which often is less costly than alternative methods of dispute resolution.

UNFPA must strive to always solve disputes through negotiation. Where negotiation of disputes with commercial contractors is not possible or fails, alternative means of dispute resolution are available. The [UNFPA General Conditions of Contract](#), to that effect, provide for arbitration in accordance with the arbitration rules, then obtaining, of the United Nations Commission on International Trade Law (“[UNCITRAL](#)”).

Field offices and headquarters business units shall contact the Legal Unit for support with dispute resolution at the earliest convenience. Dispute resolution other than by negotiation must always be managed by the Legal Unit.

## **13.5 Payments**

### **13.5.1 Financial management and payments**

Financial management and payment refers to the timely processing of invoices for payment, according to the terms of the contract as well as the review of financial implications of contract changes, and the liquidation of financial securities (i.e., release of performance and advance payment securities) once the reason for requesting them no longer exists.

### **13.5.2 Payments**

UNFPA procurement personnel in charge of contract management shall ensure that the terms and conditions of payment are consistent with the ones specified in the contract document. Payment of invoices to vendors is made either by the field office, PSB or UNFPA Finance Branch, as applicable, against purchase orders financially received in Atlas.

When effecting payment, the separation of duties between procurement personnel conducting the procurement process, and the Finance Unit effecting the payment must be upheld. This separation of the buying function and the payment function is a crucial factor in the principle of segregation of duties, and must be adhered to.

For cases where advance payments are involved, UNFPA’s procedures on advance payments apply. Please refer to sections [6.5 1\) n\)](#) and [13.5.3](#).

### **13.5.3 Advance payments**

Advance payments imply financial risks for UNFPA; therefore the following shall be observed prior to providing advance payments to a vendor:

Advance payments refer to payments effected prior to receipt of goods or performance of any contractual service. Such advance payments are distinguished from the case of contracts for services, where the contractual arrangements generally foresee performance of a series of services scheduled to be completed/delivered at subsequent times within the time frame of the contract.

These established delivery times for partial services (often referred to as ‘milestones’) constitute the basis for partial payments to the contractor, i.e., progress payments, which are intended as reimbursements of expenditures incurred and partial payments of contractor’s fees already earned.

However, should any of such payments be requested in advance of delivery of an item or service specified in the contract they correspond to, they would be referred to as ‘advance payments’.

In accordance with UNFPA [Financial Rule](#) 115.7 b) progress payments may be authorized by the field office manager or Chief, PSB, where appropriate (i.e., pursuant to industry practice or in the interest of UNFPA). Progress payments, however, should be linked to the successful completion of requested deliverables.

According to the UNFPA [Financial Rule](#) 115.7 a), no contract shall be made on behalf of UNFPA which requires advance payment or payments (i.e., payment in advance of delivery of products or performance of contractual services).

However, exceptions can be made in accordance with the above cited Financial Rule if required to comply with “normal industry practice” or deemed to be in the “interests of UNFPA”. Whenever an advance payment is agreed to, the reasons shall be recorded in the procurement file.

### **Normal industry practice**

Examples of activities that are considered as “normal industry practice” that may justify an advance payment are:

- 1) Start-up costs (mainly for services), such as purchase of airline tickets, down payments for rental/purchase of office premises/equipment on project site;
- 2) Payment of lease (premises), payment of water/gas/electricity, etc.

In such cases, no bank guarantee from the supplier and no separate approval within the organization are required. In the event that a field office or headquarters business unit is not sure whether or not the relevant activity qualifies as normal industry practice, advice should be sought from the relevant PSB procurement focal point.

Activities that cannot be considered as “normal industry practice”:

Any request from the supplier for advance payment shall be justified in writing by the supplier in its offer. This justification shall explain the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the requested advance payment amount.

In the event that a supplier requests an advance payment, UNFPA shall request the supplier to submit documentation regarding its financial status (e.g., audited financial statements). Previous experience of UNFPA with the supplier must also be investigated, if applicable, and the financial solvency and reliability of the supplier must be determined. This could be done, for instance, by consulting a financial report. In the event that contract award approval requires prior review by a contract review committee, the justifications received from the suppliers for advance payment requests and the reviews done by UNFPA to check the solvency and reliability of the supplier should be presented to the contract review committee.

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

### **Advance payment below USD 50,000**

Advance payments of less than USD 50,000 do not require a bank guarantee but they must be approved by the Chief, PSB or the head of the office.

A note signed by the relevant field office manager explaining that proper due diligence has been conducted and that the risk to UNFPA has been minimized must be kept on file.

### **Advance payment equal to or greater than USD 50,000**

In the case that an advance payment for USD 50,000 or more is requested (except for when it is standard industry practice such as payment of gas, water, electricity or lease of premises), UNFPA must receive in advance an irrevocable guarantee, valid for the duration of the contract, made in favor of UNFPA from a bank or other guarantor of the supplier that is acceptable to the Chief, Finance Branch.

Before effecting the advance payment and after receiving the required advance guarantee, the field office must get confirmation from:

- Chief, Finance Branch that the wording and format of the advance guarantee is suitable for the purpose;
- The issuer (bank) that the advance guarantee document is valid and irrevocable (in particular if it is provided in the form of a certified check) through a physical visit to the bank.

If no bank guarantee can be provided a special approval to proceed with advance payment is required in writing by the CPO. When submitting such exception requests, the field office or headquarters business unit shall provide proper justification.

The table below summarizes the different advance payment situations:

*Table 14: Advance payment and bank guarantee requirements*

Question: Does the advance payment request falls under “normal industry practice” (payment of gas, electricity, lease, etc.)?		
If the answer is YES	If the answer is NO	
No bank guarantee from the supplier is required and no separate approval is required	Advance payment value is less than USD 50,000: - Bank guarantee optional (requirement to be determined based on the risk level to the organization); - If no bank guarantee is required, separate approval by Chief, PSB or head of the office is required; - If a bank guarantee is provided, no separate approval is required, but the wording of the guarantee must be cleared by the Chief, Finance Branch.	Advance payment value equals or exceeds USD 50,000: - A bank guarantee is required. No further approval is required but the wording of the guarantee must be cleared by the Chief, Finance Branch; - If no bank guarantee can be provided, a special approval to proceed with advance payment is required from the CPO.

### 13.5.4 Taxes

Refer to section [11.2.2](#).

### 13.6 Amendments and change management

Change management is the handling of changes that arise during contract execution, typically involving variations in costs or requirements that were not originally anticipated, but are not in dispute. Change management includes both avoiding unwanted changes as well as incorporating necessary changes into the contract.

It is the responsibility of procurement personnel to:

- 1) Negotiate the appropriate contract changes regarding cost, schedule, and quality and performance ensuring that the contract is amended so that it at all times defines the agreed

expectations of both parties under the contract. The amendments must be documented to the contract file;

- 2) Ensure that the change conditions are reasonable and justifiable in terms of cost, time, and quality.

Once a contract has been awarded and signed, it may be amended only if the contract provisions allow modifications and if additional related goods or services are to be provided/rendered by the same supplier in furtherance of the execution of the original contract. All other situations call for a new competitive selection process and establishment of a new contract.

Please refer to [section 2.5.1](#): Delegation of procurement authority when contract amendments result in a financial increase.

### **13.7 Contract termination or closure**

Contract completion entails the confirmation that all obligations have been met, identification of any residual obligations and how they will be fulfilled, settlement of final payments, assessment of contractor, and the administrative closing of files.

Procurement personnel must verify the following key steps in order to close a contract:

- 1) All products and/or services required have been provided to the relevant recipient;
- 2) Documentation in the contract file adequately shows receipt and formal acceptance of all contract items;
- 3) No claims or investigations are pending on the contract;
- 4) Any UNFPA furnished property has been returned to UNFPA and discrepancies in number and condition resolved;
- 5) All actions related to contract price revisions and changes have been concluded;
- 6) All outstanding subcontracting issues have been settled;
- 7) If a partial or complete termination was involved, action is complete;
- 8) Original copies of all warranty documentation, including expiration dates, responsibilities and procedures to follow are finalized;
- 9) Any required contract audit has been completed;
- 10) The final invoice has been submitted and paid;
- 11) Performance securities have been returned to their owners;
- 12) Supplier performance evaluation has been completed (if applicable).

For headquarters procurement undertaken by PSB, PSB will, when sending out the final signed contract, provide a contract closeout checklist to the relevant headquarters business unit in order for the headquarters business unit to ensure contracts are properly closed out.

### **13.8 Property disposal**

Please refer to the relevant section of the [Fixed Asset Management Policy and Procedures](#).

### 13.9 Maintenance of files

A procurement filing system must be established in order to capture all information related to the various procurement activities.

In addition to information documenting the procurement process, the file must include all information required to successfully administer the contract. Any issues of clarification or change of the contract must be fully documented in this file.

It is important to carefully document contract performance:

- in order to provide evidence of the performance of the supplier;
- in the event of disputes;
- in order to form an institutional memory; and
- for audit purposes.

The following documents must be kept on file for the duration specified in the UNFPA retention schedules (please refer to [section 2.1.3](#) for further details):

- Solicitation documents, including lists of invitees and bidders and all forms which are part of the solicitation process;
- All submissions from suppliers (awarded, as well as not awarded);
- Bid receipt and opening reports;
- Documents related to the technical and financial evaluation processes;
- Documents related to the contract approval process;
- Contractual instruments (including any amendments);
- Correspondence with the contractor on contractual matters;
- Proof of receipt of goods; and
- Proof of payment.

Refer to [Filing Procedures for UNFPA Procurement Projects](#) for further information.

### 13.10 UNFPA-specific topics

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

## **14. COOPERATION**

### **14.1 Cooperation with United Nations entities**

#### **14.1.1 Cooperation with other United Nations entities**

To further collaboration between United Nations entities and in support of United Nations initiatives, a field office manager or the Chief, PSB may determine that cooperation with other organizations, agencies or programmes of the United Nations system is appropriate to meet the procurement requirements of UNFPA. Cooperation may be considered appropriate to, inter alia, obtain volume pricing or achieve process or operational efficiencies. Such cooperation may include:

- carrying out joint procurement activities;
- relying on the procurement decision of another United Nations entity;
- requesting another United Nations entity to carry out procurement activities on behalf of UNFPA or;
- procuring goods, works or services from another United Nations entity.

#### **14.1.2 Joint solicitation**

UNFPA may elect to undertake joint procurement activities with one or more United Nations entities, based on the estimated total value of a single or related series of planned procurement actions. Generally, the cooperating organizations will choose one organization to lead the procurement process under the procurement rules and regulations of that United Nations entity. Cooperating United Nations entities will jointly agree on the solicitation documents and evaluation criteria, and will jointly evaluate the offers submitted. The solicitation documents should clearly specify the expected contractual form for effecting the procurement. Joint solicitations are subject to the review committee requirements of the lead United Nations entity only. In the case where UNFPA is the lead United Nations entity it may provide for representation by the other participating United Nations entities on the relevant procurement committee responsible for reviewing the procurement activity.

#### **14.1.3 Reuse of United Nations entity tender results**

For a single or related series of planned procurement actions, the UNFPA head of unit may decide to rely on the competitive selection process of another United Nations entity, when, in UNFPA's assessment, the potential benefits of undertaking a new selection process would not justify the associated administrative costs. UNFPA may reuse the tender results to procure goods, works or services without undertaking a separate selection process, provided that:

- 1) the award is made within a twelve (12) months period after the validity date of the offers;
- 2) the requirements for the goods, works or services are substantially the same and the quantities originally tendered were similar or greater;



- 3) the vendor agrees to offer the goods, works or services at the same price and the commercial terms are considered reasonable for the market; and
- 4) the vendor accepts UNFPA's terms and conditions;
- 5) the case is submitted to the appropriate UNFPA contracts review committee based on the value of the engagement and approval is obtained from the appropriate procurement authority of UNFPA. Refer to sections [6.8](#), [9.4.1](#) and [9.4.2](#).

#### **14.1.4 United Nations entity LTA**

The field office manager, or the Chief, PSB may determine that the establishment of an LTA based on the terms of an existing LTA established by another United Nations entity, or accession to such an existing LTA, may best meet the requirement. Establishment of a separate UNFPA LTA with the supplier based on the terms of an existing United Nations entity LTA or accession to an existing LTA is not subject to separate review by a UNFPA review committee, but should be treated as if it would have successfully passed the review by the competent UNFPA review committee (refer to section [9.4.3](#)). However, the conditions specified under section [6.3.3.3](#) Use of LTAs of other United Nations system bodies, must be adhered to and a separate agreement, typically in the format of a [memorandum of agreement](#), must be signed between the supplier and UNFPA.

#### **14.1.5 Procurement from a United Nations entity**

When a field office manager, or the Chief, PSB determines that a United Nations entity has a particular expertise or capacity or has obtained favorable conditions in the procurement of certain goods, works or services, UNFPA may procure goods, works or services from another United Nations entity, including through the establishment of a memorandum of understanding with the United Nations entity. Procurement from another United Nations entity must be approved by the field office manager, or the Chief, PSB on the basis of adequate justification.

Services provided by a United Nations agency upon request and covered by a service level agreement or by a corporate memorandum of understanding/agreement, or alike, do not follow a procurement process, i.e., they may be acquired outside the procure-to-pay cycle.

**Note:**

UNDP has established a list of standard services and associated prices in their universal price list ("UPL"). The UPL sets the rates for each standard service provided by UNDP.

Certain categories of services, e.g., services rendered by UNDP or contributions to common premises are normally recorded through general ledger journal entries ("GLJEs").

### 14.1.6 Outsourcing to a United Nations entity

Under certain circumstances it may be appropriate or necessary to request another United Nations entity to carry out certain procurement activities on behalf of UNFPA ([Financial Rule 115.2\(b\)](#)). The field office manager, or the Chief, PSB may determine the outsourcing of procurement activities under situations such as those described below:

- **Expertise:** When UNFPA recognizes particular expertise of another United Nations entity in the procurement of specific goods, works or services, the field office manager, or the Chief, PSB may authorize outsourcing for the specific goods, works or services and designate the United Nations Entity as the procurement agent for UNFPA.
- **Procurement/administrative capacity:** When UNFPA has no procurement capacity or no administrative capacity in a country, procurement actions may be undertaken on behalf of UNFPA by the representative of another United Nations entity with the necessary procurement and administrative capacity (e.g., representative of the local United Nations Development Programme), in accordance with the rules and regulations of the United Nations entity, on the basis of an agency services request.
- **Shared Services:** When in a given location a joint United Nations activity (e.g., delivery as One United Nations initiatives) to provide certain administrative services to all partner organizations has been established with the necessary procurement capacity to achieve economies of scale or to increase effectiveness and efficiency, the head of unit, or the Chief, PSB may authorize the outsourcing of certain or all procurement actions for any period and designate the joint United Nations activity as the procurement agent for UNFPA and will inform the CPO. The rules and procedures established jointly by the participating United Nations entities for that activity or for joint procurement activities, including review requirements will be applicable.

UN entities will enter into an appropriate legal instrument for outsourcing of the relevant procurement activity.

## 14.2 Cooperation with external partners

### 14.2.1 Definitions

In accordance with [Financial Regulation 2.2](#), third party procurement (“TPP”) means procurement conducted by UNFPA, with no direct UNFPA programme component, at the request and on behalf of third parties (Governments, United Nations specialized agencies, intergovernmental organizations, non-governmental organizations, or United Nations entities, including funds, programmes, and subsidiary organs of the United Nations). No UNFPA programme funds are used for TPP.

UNFPA’s TPP services are also known as UNFPA procurement services.

[Financial Regulation 15.3](#) provides the guiding principles under which UNFPA conducts TPP activities. The “UNFPA service conditions for the procurement of supplies and services by

UNFPA at the request and on behalf of customers” (“TPP Service Conditions”) further provide a set of conditions according to which UNFPA conducts its TPP services and how corresponding procurement services contracts are entered into. The TPP service conditions are amended by UNFPA from time to time and can be accessed [here](#).

*Note:*

TPP activities are always carried out by PSB. In case deviations to the TPP service conditions are being proposed by the relevant TPP customer, the Chief, PSB must be consulted and approve the relevant modification. The Chief, PSB will consult the Legal Unit in case the proposed deviation has legal implications or potentially increases UNFPA’s liability. The Chief, PSB consults other UNFPA headquarters business units and/or field offices as necessary.

*Note:*

In case of any doubts whether a third party qualifies as a TPP customer, as defined in the TPP service conditions, the Chief, PSB shall be consulted and decide whether UNFPA is in the position, in accordance with its rules, regulations, policies and procedures, to provide TPP services to the relevant third party.

TPP services are subject to a handling Fee, as defined in the TPP service conditions. Because of UNFPA administrative cost and considering that the fee charged by UNFPA is minimal, requests for TPP for items not covered by an LTA must be above USD 100,000 (exceptions will have to be approved by the Chief, PSB).

The [LumApps PSB Community page](#) provides detailed standard operating procedures on the process to follow as well as other relevant TPP procurement information:

Guidance on the distinction between TPP and programme procurement (procurement conducted by UNFPA with a direct programme component) is provided by the guidance note: “Procurement Activities Funded Through Non-core Resources: Procurement activities with or without a direct programme component and the correct choice of funding templates for activities funded through non-core resource”. The guidance note can be accessed [here](#).

#### **14.2.2 UNFPA procurement services**

UNFPA procurement services are a procurement and information service offered by UNFPA (via PSB) to third party customer (refer to [section 14.2.1](#) for information on third party procurement). The service provides external partners with access to UNFPA-procured supplies, including some items available from stock. Items from stock are also available for UNFPA programmes. The [LumApps PSB Community page](#) includes outreach materials, [UNFPA Product Catalog](#), various tools and instructions on creating an order for supplies. It also houses the RHInterchange, which provides data on global contraceptive orders and shipments from major contraceptive donors and procurers, including IPPF, UNFPA, and USAID. The site allows ministries of health, NGOs, advocacy groups, manufacturers and donors to access critical information for decision making on past contraceptive orders and actual monitoring of current shipments.

For more information about UNFPA procurement services, please visit <https://www.unfpaprocurement.org/home>.

### **14.3 Cooperation with other organizations**

#### **14.3.1 Grants, revolving funds and pooled funds**

UNFPA's provision of grants to institutions, revolving funds and pooling of funds for sector wide approaches (SWAPs) do not fall into the category of procurement of services. For operational guidance related to the handling and management of these funds please contact the Finance Branch.

#### **14.3.2 Implementing partners**

The selection of an implementing partner is not a procurement process. Refer [Policy and Procedures for Selection and Assessment of Implementing Partners](#).

Guidance note: [Contracting Legal Entities to Provide Services: When to use Programme and when to use Procurement](#).

### **14.4 UNFPA-specific topics**

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

## 15. TRANSVERSE TOPICS

### 15.1 Global Compact

Suppliers should be encouraged at time of solicitation to consider joining the United Nations Global Compact and to look into other ways to help reduce their environmental impact (more information can be accessed at <http://www.unglobalcompact.org/>).

### 15.2 Sustainable procurement

UNFPA seeks to reduce the environmental impact of its operations and promote environmental stewardship by integrating environmental performance considerations in procurement processes. UNFPA is committed to advance the protection of the environment and support sustainable development by integrating environmental performance considerations into the procurement decision-making process.

Through the increased promotion of environmental sustainability, and by integrating the application of environmental performance considerations in its procurement process, UNFPA is in a position to influence the demand for environmentally preferable goods and services and the ability of the industry to respond to the escalating use of environmental standards in the global market.

Environmentally preferable goods and services are those that have a lesser or reduced impact on the environment over the life cycle of the good or service, when compared with competing goods or services serving the same purpose. Environmental performance considerations include, among others:

- The reduction of greenhouse gas emissions and air contaminants;
- Improved energy and water efficiency;
- Reduced waste and support reuse and recycling;
- The use of renewable resources;
- Reduced hazardous waste;
- Reduced toxic and hazardous substances.

Environmental considerations, whenever applicable, must be applied to all procurement activities, including third party procurement, conducted by UNFPA at all locations.

Procurement personnel should ensure that the environmental considerations are realized while maintaining compliance with all relevant regulations and rules

Consistent with the overall objectives of value for money in procurement, UNFPA should ensure whenever applicable that environmental performance considerations are incorporated: from planning, identification and definition of requirements, acquisition, operation and maintenance to disposal of goods or closure activities of acquired services.

Supplier must be required to address their environmental policy stance in the bid process. In the review of suppliers for the pre-qualification process, information of the supplier's environmental impact must be obtained as part of the site audit process.

However, environmental considerations shall not be the exclusive conditions for UNFPA's procurement decision and action. Such considerations shall be made in line with UNFPA's procurement principles.

### **15.3 Risk management**

#### **15.3.1 Quality assurance policy**

To support UNFPA's mandate and assist governments to deliver sexual and reproductive health care to women, the quality and value for money reproductive health commodities must be procured from reliable manufacturers and suppliers. UNFPA is committed to offering reproductive health (RH) commodities that meet internationally recognized quality standards and requirements. Providing products of substandard quality is first and foremost a disservice to the clients and partners UNFPA serves, and this usually results in adverse publicity.

UNFPA procures the following reproductive health commodities:

- Condoms, IUDs and lubricants;
- Reproductive health medicines;
- Medical devices including medical equipment, consumables and supplies;
- In vitro diagnostics (IVDs);
- Emergency reproductive health (ERH) and other RH kits.

It is UNFPA's policy to engage only with manufacturers who conform to current internationally acceptable quality standards. UNFPA quality assurance system for all the RH commodities covers the following:

1. Providing detailed technical specifications for RH commodities included in [UNFPA Product Catalog](#);
2. Evaluation of manufacturers for the quality of their products through technical evaluation of RH commodities including the UNFPA/WHO pre-qualified, WHO pre-qualified, Stringent Regulatory Authority (SRA) approved, Expert Review Panel (ERP) recommended and those meeting other regulatory requirements relevant to each commodity;
3. Monitoring and controlling quality by performing pre-shipment testing of condoms;
4. Monitoring quality by testing other RH commodities before LTAs are awarded and during LTA validity period applying a risk based approach;
5. Monitoring quality through pre-shipment inspection of RH commodities including condoms (both male and female); IUDs; lubricants; medical devices; reproductive health medicines and diagnostic products and RH kits (excluding ERH kits in stock and pharmaceuticals that are WHO pre-qualified, SRA approved or recommended by ERP;

6. Assuring that packaging and labelling of each commodity is in compliance with WHO guidelines and/or ISO 15223;
7. Continuous monitoring of suppliers' compliance.

As can be seen from [UNFPA Quality Assurance Policy](#) for reproductive health medicines, the emphasis is on procuring contraceptives and priority maternal health medicines that are WHO prequalified or recommended by ERP or approved by a Stringent Regulatory Authority (SRA). For all other reproductive health medicines that are not eligible for WHO prequalification, a full technical assessments in line with WHO Model Quality assurance System for procurement agencies for pharmaceuticals should be performed.

UNFPA procures condoms and intrauterine devices (IUDs) based on the [WHO/UNFPA prequalification programmes](#). There are outlined specifications for both male and female condoms as well as IUDs. Technical evaluation includes assessment of products in line with the programmatic and technical requirements; review of valid applicable ISO standards and regulatory certificates.

Medical devices including medical equipment, consumables and supplies are procured from manufacturers who meet the technical specifications and the internationally acceptable quality standards for medical devices as defined in [UNFPA Quality Assurance Framework for the Procurement of Reproductive Health Commodities](#). All manufacturers have to conform to medical devices regulations and be in possession of the ISO 13485 Quality Management System. Manufacturers possessing ISO 9001 as well is of added value.

Feedback regarding the procured commodities is important for the compliance analysis and for improvement of the quality of the commodities. Any quality complaint with a product procured by UNFPA must be reported to QA team. Relevant QA contact details for personnel in country offices and other UNFPA locations to provide feedback on quality matters can be accessed [here](#).

### **15.3.2 Quality control and monitoring**

Quality control and monitoring are an important part of quality assurance. UNFPA's product quality control and monitoring along the supply chain is according to UNFPA [Quality Assurance Policy](#) and in line with the WHO Model Quality Assurance System for procurement agencies. Core reproductive health items procured by UNFPA may be sampled and tested for quality control by UNFPA's appointed independent and accredited laboratories at any time.

UNFPA uses ISO 17025 accredited laboratories and independent accredited sampling agencies to perform inspections and testing of products. Some RH commodities undergo both inspection and testing before shipment and others only inspection as stipulated below. Countries have the authority to perform post shipment sampling and testing of received commodities and UNFPA will respect the country's regulatory product quality monitoring programmes. Any observations of poor

condition upon receipt and feedback from users (surgeons, midwives or other health care providers) should be reported back to PSB.

However, in order to prevent duplication of testing and inspection, and to promote better coordination of product quality monitoring and testing, below are the UNFPA Quality Assurance testing and inspection principles as per commodity categories:

- **Condoms:**

Every batch of condoms undergoes pre-shipment sampling according to ISO 2859-1 and testing by ISO 17025 accredited laboratories with the scope of accreditation covering the testing of male and/or female condoms. UNFPA shall only procure condoms that comply with requirements of the WHO/UNFPA Specification for Male Latex Condoms, 2010 (revised April 2013) or the WHO/UNFPA Specification for Female Condoms, 2012, which are based on the requirements of ISO 4074 for male condoms and ISO 25841 for female condoms. It is not recommended to perform post-shipment testing of UNFPA procured condoms as they are from pre-qualified manufacturers and they have been pre-shipment tested. The resources can be better used in random sampling and testing and post market surveillance. However, inspection of the received shipments shall be conducted to document the condition of the products and any useful information such as storage conditions during shipment that may warrant or inform on any post-shipment testing decision. Any discrepancies with packaging and labelling requirements shall be documented and immediately communicated to PSB. In the event of post-shipment testing being conducted, it is recommended to randomly select lots and perform testing to the critical performance parameters, i.e. freedom from holes, airburst properties and package integrity.

- **Intrauterine Devices (IUDs):**

IUDs are procured from manufactures who comply with the WHO/UNFPA specifications for TCu380, 2016 which is based on the ISO 7439. Manufacturers are required to perform quality control testing on their products per 'Good manufacturing practice'. Prior to shipment, visual inspection is performed on photographs, documentation relating to labelling, packaging and 'certificate of analysis (CoA)' as well as other purchase order requirements for compliance with specifications and standard. Surveillance testing of IUDs is performed on random lots by ISO 17025 accredited laboratories on an annual basis. The testing is performed in accordance with the WHO/UNFPA specifications and include testing parameters associated with dimensions, performance and packaging. It is recommended that upon receipt of shipment, the quantities and product details as well as condition of the devices are checked to ensure compliance to requirements and documents provided. Any discrepancies observed are documented and communicated to PSB as soon as noted.

- **Personal Lubricants:**

UNFPA PSB comply with the recommendations in the WHO/UNFPA/FHI360 Advisory note: *Use and Procurement of Additional Lubricants for Male and Female Condoms* when



procuring additional personal lubricant in sachets or tubes. Manufacturers are to adhere to this advisory note and relevant standards when producing personal lubricants. UNFPA has initiated a process of performing surveillance testing on randomly selected lots by ISO 17025 accredited laboratories on an annual basis. The testing is to be performed to ascertain compliance with approved specifications. Test parameters such as viscosity, pH and microbial counts are very critical as they have an impact on the physical characteristics of the lubricant which may affect user safety and preference. It is recommended that upon receipt of shipment, the quantities and product details are checked to ensure compliance to documents provided. Any discrepancies observed shall be documented and communicated to PSB as soon as documented.

- **Reproductive health medicines:**

Each batch received by the country comes with a certificate of analysis (CoA) with results from quality control testing performed by manufacturer after production. Only batches that are within the stated specifications will be accepted by UNFPA. Some countries conduct systematic laboratory testing of all pharmaceuticals received. WHO prequalified laboratories with experienced laboratory personnel with access to appropriate equipment are highly recommended. The laboratory should be testing according to the appropriate pharmacopeia specifications and standards. In the event of test results being out-of-specifications as confirmed by a WHO pre-qualified laboratory, or other non-compliance is observed, a notification will be sent to the manufacturer to replace the batch.

Reproductive health medicines which includes hormonal contraceptives and priority maternal health medicines procured from manufacturers recommended through the Expert Review Panel (ERP) mechanism are subjected to pre-shipment testing. The tests required vary based on product specifications. Testing is carried out by quality control laboratories engaged by UNFPA. Reproductive health medicines prequalified by WHO or approved by Stringent Regulatory Authorities are excluded from pre-shipment inspection and testing requirements. UNFPA performs pre-shipment inspections on all pharmaceuticals that are not WHO-prequalified, SRA approved or ERP recommended. The objective of the visual inspection is to ensure that supplied pharmaceutical products are conforming to UNFPA approved specifications and are in acceptable condition to be shipped to the country of destination.

- **Medical devices, equipment, consumables and supplies:**

There is no pre-shipment laboratory testing done for medical devices procured through PSB but all medical devices undergo pre-shipment inspection which has elements of minor functional testing (e.g. successful assembly). The objective of the visual inspection performed by independent inspection agencies is to ensure that supplied medical devices are conforming to UNFPA approved specifications and are in acceptable condition to be shipped to the country of destination. Applying a risk based approach, laboratory testing is conducted to some of the medical devices in UNFPA catalog during solicitation and during the LTA validity period. Should a country perform laboratory testing of medical devices upon receipt, it is recommended to use ISO 17025 accredited or WHO prequalified

laboratories with experienced laboratory personnel and with access to appropriate equipment and testing procedures.

- **In vitro diagnostic tests (IVDs):**

UNFPA does not perform pre-shipment laboratory testing of IVD batches before shipments. Should a recipient perform laboratory testing of IVDs upon receipt, they are recommended to use ISO 17025 accredited or WHO prequalified laboratories with experienced laboratory personnel and with access to appropriate equipment and testing procedures. All IVDs ordered by PSB also undergo pre-shipment inspection. The objective of the visual inspection is to ensure that supplied IVD products are conforming to UNFPA approved specifications and are in acceptable condition to be shipped to the country of destination.

- **ERH and other RH kits:**

There is no pre-shipment laboratory testing or inspection performed for ERH kits which are procured from stock. Some kit batches are inspected during fresh production if requested by the destination country. Additionally, UNFPA performs Good Distribution Practices (GDP) inspections to kit suppliers. Pre-shipment inspection of kits follows the above described principles for each product category corresponding to the kit content.

## 15.4 UNFPA-specific topics

### 15.4.1 Global Contraceptive Commodity Programme (“GCCP”)

#### 15.4.1.1 Background

The GCCP was established by the Executive Board decision 95/36. It provides funding for essential stocks of contraceptives, including male latex condoms inventory currently managed by PSB and reproductive health kits for urgent and emergency requests for contraceptives and humanitarian intervention in developing countries. Additional information on PSB controlled stock can be found in the [Policy and Procedures on Management of Programme Supplies](#).

The necessity to arrange contraceptive stock holdings resulted from the often-lengthy lead times for commonly requested contraceptive products for the international public sector. The ready availability of stocks is therefore required to avert potential disruptions to national contraceptive provision programmes and the need to rely on costly utilization of airfreight to the designated recipient. The programme’s long-term objective is to contribute to the overall strengthening of reproductive health programmes by improving mechanisms and modalities for addressing unmet needs for contraceptives, increasing choice and ensuring quality in meeting the needs of individuals. Moreover, the programme aims to ensure that national capacity-building, particularly in terms of contraceptive forecasting and logistics management, is promoted and strengthened through such inputs as technical training and technical advisory services, and by improving warehousing, stock-keeping, transport and management information systems.

#### ***15.4.1.2 Funding***

UNFPA's contribution to the GCCP operates as a revolving fund in order to purchase inventory. This revolving fund may be supplemented by donations from governments and/or funding agencies with the agreement of the Executive Director. This revolving fund is managed by PSB.

#### ***15.4.1.3 Inventory management***

PSB establishes and maintains policies and procedures relating to the supply operations of the GCCP, and supervises the procurement operations of the programme. Under the supervision of the Chief, PSB, the PSB emergency procurement team is responsible for:

- Establishing and administering the stock of commodities;
- Insurance coverage of stock while under UNFPA's risk;
- Preparing updates and reports; and
- Liaising with Finance to ensure IPSAS and other requirements are followed.

PSB has negotiated favorable rates and entered into an agreement with an insurance broker to ensure adequate insurance coverage for loss or damage of all stocks to which title has been secured by UNFPA.

For more information regarding PSB controlled Stock, please access the [Policy and Procedures on Management of Programme Supplies](#).

#### ***15.4.1.4 Stock ordering and replenishment***

Stock is held on suppliers' premises at minimal cost to UNFPA. Alternatively, PSB will, based on inspection, secure premises suitable for the storage of medical and pharmaceutical products.

To avoid aging stock, goods are issued on a first expiry first out (FIFO) basis, and in order to minimize the risk of supply failure or expiry of product, stock levels are reviewed on an ongoing basis considering the forecast demand for the specific products. Replenishment orders are placed by the PSB inventory associate upon approval by PSB management to place the order. Considering the forecast demand as well as the production lead time for the product, the PSB inventory associate will recommend quantities and value of the replenishment when required.

#### ***15.4.1.5 Annual stock check***

In addition to monthly stock reports provided by suppliers certifying clear title of UNFPA to the goods, PSB manages an annual stock check of commodities to which UNFPA has secured title.

Inspections are conducted by suitably experienced employees, or contractors guaranteeing competence, ethics, and security. The physical count will be reconciled with the inventory records in the inventory module of Atlas. Discrepancies will be investigated by the PSB inventory

associate and a report will be submitted to the Chief, PSB in case that the discrepancy is not resolved. The Chief, PSB, will submit a report of findings to the Director, DMS, for review, along with recommendations for further action. In the event of non-conformity, the supplier must correct the deviation, and the facility must be re-inspected. Invoices for re-inspection are to be deducted from amounts owed to the supplier.

During the annual stock check, the following will be noted and reported:

- Supplier's name and location of storage facility;
- Warehousing practices and facilities including availability of temperature controlled storage;
- Proper security;
- Correct labelling of stocks, including batch number and date of manufacture;
- Visual deterioration of stocks;
- Inadequate packing and packaging;
- Improper storing or stacking, including dangerous storage and fire hazards; and
- Maintenance of inadequate records.

#### ***15.4.1.6 Procurement of emergency reproductive health kits from GCCP stock***

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

ERH kits are intended to respond to maternal and reproductive health needs in emergency situations; however the procurement of such kits for UNFPA programmes does not require the activation of the [fast track procedures](#).

If the decision for procurement has been finalized and the funding has been identified, the country office should duly complete Part I of the ERH kits form which can be found on the [LumApps PSB Community page](#). The ERH kits form also contains the most updated information on the prices of the ERH kits.

The completed form should be sent to the attention of the PSB emergency team at [rhkits@unfpa.org](mailto:rhkits@unfpa.org) for further perusal. If the country office has been contacted by an external partner who expressed the interest in procuring ERH kits then the ERH kits form for external clients should be completed and sent to the emergency team for further processing. This form is also available on the [LumApps PSB Community page](#).

Based on the information received in the part I of the ERH kits form, the emergency team will provide the country office or the external client with a full quotation, including freight and insurance costs and the 5 per cent handling fee.

If the country office is in agreement with the quotation and confirms its approval for arranging the dispatch of the kits, the emergency team will authorize the supplier to ship the kits to the consignee destination. In the case of external clients, they will have to confirm their agreement with the provided quotation by reverting with a signed copy of the ERH kits form under part III.

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

For any additional information regarding ordering of emergency reproductive health kits, the country office shall contact the emergency procurement team at [rhkits@unfpa.org](mailto:rhkits@unfpa.org).

#### ***15.4.1.7 Quality assurance***

To ensure the quality of the commodities supplied under the GCCP, the following quality assurance testing guidelines apply:

- The emergency reproductive health kits are subject to inspection for conformity to the specifications on an annual basis as a minimum. The inspection is performed by PSB.
- Manufacturers are required to replace all stocks that are found not to conform to specifications that are within normal shelf life (at no cost to UNFPA).

For more details on quality assurance please refer to [section 15.3.1](#) of this document.

#### ***15.4.1.8 Disposal of unusable stock***

Unusable contraceptive products can constitute a hazard to public health, and must be disposed of by destruction. Disposal of spoiled or damaged stocks of contraceptives is to be arranged as soon as possible after discovery.

*Note:*

No submission to the UNFPA property survey board is required for disposals of inventory.

To ensure the integrity of the disposal action, an independent observer appointed by the supplier, usually an international surveillance company, is required to be present at the time of destruction and the supplier confirms disposal.

#### **15.4.2 In-kind contributions**

The acceptance and administration of in-kind contributions, as defined in [Financial Regulation 2.2 C iv.](#), is governed by the [UNFPA In-Kind Goods and Services Contribution Policy](#). The [UNFPA standard form of In-Kind Contribution Agreement](#) must be used as the relevant legal instrument.

## IV OTHER

### Note

- This UNFPA Policy and Procedures for regular Procurement (“Procurement Procedures”) are fully aligned with the UNFPA [Financial Regulations and Rules](#) (“FRR” or “Financial Regulations and Rules”) - Revision 10.
- The Procurement Procedures take into account the latest audit observations that called for greater clarity in specific areas.
- The Procurement Procedures take into account United Nations procurement reform considerations and the work conducted by the High-Level Committee on Management (“HLCM”) Procurement Network on procurement harmonization (the “HLCM Procurement Network”).
- The table of contents of the Procurement Procedures follows the standard procurement cycle. For quick reference, please click on the relevant section in the table of contents while holding the CTRL button, or simply press “Enter” after having selected your topic of interest. Both ways, you will be directed to the section of your preference.
- Some of the links in this document cannot be opened using Internet Explorer. It is therefore recommended to use another browser such as Firefox or Google Chrome.
- The HLCM-UN Development Group (“UNDG”) Harmonized Guidelines for Common United Nations Procurement at country level are endorsed by the HLCM Procurement Network. UNFPA strongly supports their use in line with reform which calls for more efficiency and more collaborative activities between United Nations organizations. These guidelines facilitate interagency procurement efforts and provide practical guidance to simplify and extend cooperation in country offices. They support operations managers and procurement practitioners in identifying, developing and implementing procurement strategies for further cooperation in procurement among United Nations organizations. The harmonized guidelines provide step-by-step guidance and include a number of practical tools and templates to support the United Nations country teams in their common procurement efforts. Relevant information related to harmonized and collaborative procurement can be found on the website of the UN Global Marketplace (“UNGM”) under Knowledge Centre.
- These Procurement Procedures will be updated from time to time to ensure that they remain relevant to UNFPA activities and requirements, and up to date with best practices in public procurement.
- Because a large portion of the funds provided to UNFPA are spent through procurement activities, it is essential that UNFPA personnel having Atlas rights and raising and approving requisitions on a regular basis take the mandatory Procurement level 1 training, available in UNFPA’s eLearning Management System (“ELMS”), as a priority and understand the fundamental concepts of ethics and segregation of duties.

## Definitions

These Procurement Procedures are subject to the following definitions:

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

“Atlas business unit” or “Atlas BU”, for the purpose of Atlas transactions in the "PO-" (purchase order), "AM-" (asset management), "AP-" (accounts payable) and "AR-" (accounts receivable) modules, means a country office or a regional office. (Note that each UNFPA country or regional office is defined by a unique business unit in Atlas.) An Atlas business unit always contains five characters;

The business unit called "UNFPA" is a special construction for international transactions processed by PSB. In practice, this means that whenever a country office requires PSB to source a request to a purchase order, the country office has to enter the requisition in the "UNFPA" POBU (Purchase order business unit). By doing so, the country office allows the PSB procurement personnel to pick up the requisition and process it into a purchase order;

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

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

“BAFO” means best and final offer;

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

“Board of Auditors” means the United Nations Board of Auditors;

“Chief, PSB” means Chief of UNFPA’s Procurement Services Branch or the official to whom the Chief, PSB has delegated authority and responsibility for the matter in question;

“Construction” means the building of new real property or parts thereof. For further information and guidance on the term construction and its application please consult FASB;

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

‘Core reproductive health commodities’ means commodities specific to the mandate of UNFPA that are pre-cleared by the technical and programme divisions as essential for delivering UNFPA programmes;

“CPO” means UNFPA’s Chief Procurement Official. The CPO exercises overall corporate oversight in respect of all UNFPA procurement and is accountable to the Executive Director for

the procurement function of UNFPA at all its locations. By operation of UNFPA [Financial Rule 115.1 \(a\)](#), the Executive Director has delegated the function of CPO to the Deputy Executive Director, Management (hereinafter referred to as DED(M));

“CSB” means UNFPA’s Commodity Security Branch;

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

“DSA” means daily subsistence allowance;

“EoI” means Expressions of Interest;

“E-procurement” means electronic procurement that occurs when the activities of the purchasing process are conducted electronically, typically over the internet, to shorten the cycle time and lower the transaction costs of the acquisition process;

“Executive Board” means the Executive Board of UNDP, UNFPA and UNOPS;

“Executive Director” means the Executive Director of UNFPA or the official to whom the Executive Director has delegated authority and responsibility for the matter in question;

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

“Field office manager” means:

- UNFPA regional director
- UNFPA sub-regional office director;
- UNFPA representative;
- UNFPA country director;
- UNDP resident representative acting as UNFPA representative;
- UNFPA chief of operation; and
- Head of UNFPA liaison offices;

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

“[FRR](#)” or “Financial Rules and Regulations” means UNFPA’s Financial Regulations and Rules;

“GDP” means the gross domestic product and represents a monetary measure of the market value of all final goods and services produced in a period of time;



“General Assembly” means the General Assembly of the United Nations;

“Government” means a Government of a Member State of the United Nations, of a non-member State which participates in the General Assembly as an observer, of a Member State of a specialized agency, or of the International Atomic Energy Agency (UNFPA Financial Regulation 2.1(j));

“Head of unit” means field office managers and the directors and chiefs of headquarters business units;

“Headquarters” means headquarters New York and PSB;

“Headquarters New York” or means the UNFPA headquarters office in New York located at 605 Third Avenue New York, New York 10158, USA;

“Headquarters business units” means divisions, offices or branches located at headquarters;

“[ICF](#)” means the UNFPA Internal Control Framework;

“ICT” means information and communications technology;

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

“Individual independent contractor” means individual persons engaged as individual consultants, service contract holders, UN volunteers assigned to UNFPA, and interns; individual independent contractors may also be referred to in these Procurement Procedures as “non-staff personnel”;

“IUD” means intrauterine device;

“IVD” means a medical device, used alone or in combination, intended by the manufacturer for the examination of specimens derived from the human body solely or principally to provide information for diagnostic, monitoring or compatibility purposes. For example, IVDs can be used for the following test purposes: diagnosis, screening, monitoring, predisposition, prognosis, prediction, determination of physiological status. IVDs also include reagents, calibrators, control materials and specimen receptacles. Note: Rapid diagnostics tests, enzyme immunoassays, nucleic acid testing technologies, are all examples of IVDs. ([WHO Medical devices](#));

“Legal Unit” means the Chief of UNFPA’s Legal Unit, OED, any personnel in the professional category assigned to the Legal Unit (e.g., legal specialist or analyst), and persons to whom the

Chief, Legal Unit, or the Executive Director have delegated authority or provided power of attorney to undertake activities assigned to the Legal Unit under this document;

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

“LTA” means long term agreement;

“Medical device” means any instrument, apparatus, implement, machine, appliance, implant, reagent for in vitro use, software, material or other similar or related article, intended by the manufacturer to be used, alone or in combination, for human beings, for one or more of the specific medical purpose(s) of diagnosis, prevention, monitoring, treatment or alleviation of disease; diagnosis, monitoring, treatment, alleviation of or compensation for an injury; investigation, replacement, modification or support of the anatomy or of a physiological process; supporting or sustaining life; control of conception; disinfection of medical devices; ([WHO Medical Devices, WHO Interagency list of priority medical devices for essential interventions for reproductive, maternal, newborn and child health](#));

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

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

“Officer holding procurement authority” or “officer holding PA” means the UNFPA personnel holding delegated authority to take the specific procurement action in question on behalf of UNFPA;

"Personnel" means both UNFPA staff members and individual independent contractors;

“Pharmaceutical” means any substance or medicine for human use that is intended to modify or explore physiological systems or pathological states for the benefit of the recipient ([WHO Medicines](#));

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

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

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

“Procurement focal points” the UNFPA personnel who are entrusted the responsibilities associated with the operational aspect of the procurement function of the office;

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

“PSB” means UNFPA’s Procurement Services Branch;

“PSB Procurement” means procurement undertaken by PSB;

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

“Renovation” means alterations and rehabilitation works, related to real property. For further information and guidance on the term renovation and its application please consult FASB;

“Requisition” or “Atlas requisition” means the electronic document saved in UNFPA’s enterprise resource planning system, reflecting a request for goods or services indicating quantities, delivery schedule, price, delivery destination, due date, and chargeable chart of accounts,

“Secretary-General” means the Secretary-General of the United Nations or the official to whom the Secretary-General has delegated authority and responsibility for the matter in question;

“Spot checks” means periodic checks conducted by PSB to assess relevant field offices’ and HQ business units’ compliance with these Procurement Procedures;

"Staff member" means holders of UNFPA letters of appointment serving on permanent, continuing, fixed-term or temporary appointment contracts;

“Supplier” means an entity that potentially or actually provides goods or other products (including intellectual property), services and/or works (construction services) to the organization. A supplier may take various forms, including an individual person (organized as a legal entity), a company (whether privately or publicly held), a partnership, a government agency or a non-governmental organization. Suppliers further to a procurement process do not include individual persons whose selection follows a human resource process;

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

“[UN Charter](#)” means the Charter of the United Nations, signed on 26 June 1945;

“[UNCTAD](#)” means United Nations Conference on Trade and Development;

“[UNDP](#)” means the United Nations Development Programme established by resolution 2029 (xx) of the General Assembly;

“[UNDSS](#)” means the United Nations Department of Safety and Security;

“[UNGM](#)” means the United Nations Global Marketplace (refer [www.ungm.org](http://www.ungm.org));

“[UNOPS](#)” shall mean the United Nations Office for Project Services established by decision 48/501 of the General Assembly;

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

“USD” means United States Dollar;

“Vendor” means a) individual persons engaged as individual consultants, service contract holders, United Nations volunteers assigned to UNFPA, and interns (“non-staff personnel”); b) suppliers; c) IPs and d) any other third parties with which UNFPA has a contractual relationship;

“[WHO](#)” means the World Health Organization;

Other definitions in the Glossary of Procurement Terms endorsed by the HLCCM Procurement Network and applicable to UNFPA procurement operations can be found [here](#). In the event that there is any potential conflict or ambiguity between the definitions provided in the Glossary of Procurement Terms and the definitions of these Procurement Procedures, the definitions provided in these Procurement Procedures will prevail.

## V PROCESS FLOW CHARTS

### Summary of offer management and evaluation under informal and formal methods of solicitation

Action	Headquarters business units (USD)		Regional offices (USD)		Country offices (USD)	
	Informal	Formal	Informal	Formal	Informal	Formal
Threshold of the method	Equal to or greater than USD 10,000	Equal to or greater than USD 100,000	Equal to or greater than USD 10,000	Equal to or greater than USD 100,000	Equal to or greater than USD 5,000	Equal to or greater than USD 100,000
Mode of submission	Mail, by hand or email	Mail, by hand or email	Mail, by hand or email	Mail, by hand or email	Mail, by hand or email	Mail, by hand or email
Threshold for receiving offers securely	Equal to or greater than USD 50,000 (processes managed by PSB)	Equal to or greater than USD 100,000	Equal to or greater than USD 10,000	Equal to or greater than USD 100,000	Equal to or greater than USD 5,000	Equal to or greater than USD 100,000
Threshold for conducting Bid Receipts	Equal to or greater than USD 50,000 (processes managed by PSB)	Equal to or greater than USD 100,000	Equal to or greater than USD 10,000	Equal to or greater than USD 100,000	Equal to or greater than USD 5,000	Equal to or greater than USD 100,000
Threshold for conducting Bid Opening	Equal to or greater than USD	Equal to or greater than USD 100,000	Equal to or greater than USD 10,000	Equal to or greater than USD 100,000	Equal to or greater than USD 5,000	Equal to or greater than USD 100,000

	50,000 (processes managed by PSB)					
Threshold for conducting a bid evaluation through a committee	Equal to or greater than USD 50,000 (processes managed by PSB)	Equal to or greater than USD 100,000	Equal to or greater than USD 50,000	Equal to or greater than USD 100,000	Equal to or greater than USD 50,000	Equal to or greater than USD 100,000
Number of members of a Bid opening panel	At least 2 members and 1 of them shall not be involved in subsequent activities of the process	At least 2 members and 1 of them shall not be involved in subsequent activities of the process	At least 2 members and 1 of them shall not be involved in subsequent activities of the process	At least 2 members and 1 of them shall not be involved in subsequent activities of the process	At least 2 members and 1 of them shall not be involved in subsequent activities of the process	At least 2 members and 1 of them shall not be involved in subsequent activities of the process
Number of members of an Evaluation committee	At least 2 members for RFQs Equal to or greater than USD 50,000	3 members maximum 5	At least 2 members for RFQs Equal to or greater than USD 50,000	3 members maximum 5	At least 2 members for RFQs Equal to or greater than USD 50,000	3 members maximum 5

## VI RISK CONTROL MATRIX

Risk control matrix can be found [here](#):