

Project Agreement

dated 16 Sep 2022

between

KfW, Frankfurt am Main

("KfW")

and the

**United Nations Development Programme (UNDP) /
Programme of Assistance to the Palestinian People (PAPP)**

(UNDP/PAPP)

("Project-Executing Agency")

- Support to COVID-19 emergency response and vaccination promotion in the Palestinian Territory -

(Covid-19 vaccination logistics)

BMZ-No. 2022 67 045

Content

Article 1 – Purpose of the Grant 3

Article 2 – Coordination Levy..... 4

Article 3 – Disbursement 4

Article 4 – Suspension of Disbursement and Repayment 5

Article 5 – Costs and Public Charges 5

Article 6 – Contractual Statements and Power of Representation..... 6

Article 7 – The Project 6

Article 8 – Publication and Transfer of Project-related Information 7

Article 9 – Miscellaneous Provisions..... 9

Annex 1: Separate Agreement

Annex 2: Compliance Covenants

With the Grant Agreement concluded on 14/07/ 2022 (“Grant Agreement”) between KfW and the Palestine Liberation Organization (“Recipient”), KfW has agreed to extend to the Recipient a grant not exceeding EUR 10,000,000.00. On the basis of this Grant Agreement, KfW and the Project-Executing Agency conclude the following Project Agreement:

Article 1 – Purpose of the Grant

1.1 The Project-Executing Agency shall use the grant, which will be channelled to the Project-Executing Agency subject to terms of the Grant Agreement and after deduction of the Coordination Levy as set out in Article 2, exclusively for the support of the Covid-19 emergency release and vaccination campaign as well as the project operating costs and management fee of the Project-Executing Agency (“the Project”), and primarily to finance the foreign exchange costs. The Project-Executing Agency and KfW shall determine the details of the Project and the goods and services to be financed from the grant by a separate agreement.

The separate agreement is attached as Annex 1 which forms an integral part of this Project Agreement.

1.2 Interest accrued in connection with the grant shall be used in accordance with the financial regulations, rules and directives of the Project-Executing Agency.

1.3 The Project-Executing Agency shall use the grant only for necessary and reasonable expenditures in accordance with sound business principles. The Project-Executing Agency may charge costs for general management services not exceeding 8% of the project costs as stated in Annex 1.2 of the separate agreement.

1.4 In accordance with Article II of the Convention on the Privileges and Immunities of the United Nations that provides, inter alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties, and charges of a similar nature in respect of articles imported or exported for its official use, it is expected that no customs duties or import charges will be imposed with respect to the import of supplies and equipment procured by UNDP/PAPP for the Project and financed by the grant made under the Grant Agreement. The Project-Executing Agency shall communicate to KfW if, notwithstanding UNDP/PAPP’s exemption, customs duties or import charges are being imposed and they will be considered a direct cost in the budget.

Taxes and other public charges to be borne by the Recipient or the Implementing Institutions and import duties shall not be financed from the grant.

Article 2 – Coordination Levy

- 2.1 KfW agrees it will - in accordance to paragraph 10(a) of United Nations General Assembly Resolution 72/279 of 31 May 2018 - contribute an amount corresponding to 1/101 of the grant to the Project-Executing Agency to fund the United Nations Resident Coordinator System. This amount, hereinafter referred to as the “**Coordination Levy**” will be held in trust by the Project-Executing Agency until transfer to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Fund for the reinvigorated Resident Coordinator system, which has been established to fund the UN Resident Coordinator System and is managed by the United Nations Secretariat.
- 2.2 KfW acknowledges that once the Coordination Levy has been transferred by the Project-Executing Agency to the United Nations Secretariat, the Project-Executing Agency is not responsible for the use of the Coordination Levy and does not assume any liability for such use. The fiduciary responsibility lies with the United Nations Secretariat as the manager of the Resident Coordinator system.
- 2.3 The Coordination Levy does not form part of the Project-Executing Agency’s Head Quarter recovery costs and is additional to the costs of the Project-Executing Agency to implement the activity or activities covered by the grant. Accordingly, there is no normal obligation for the Project-Executing Agency to refund the Coordination Levy, in part or in full, even where the activities covered by the grant are not carried out in full by the Project-Executing Agency. As deemed necessary by KfW - and especially where the scale of the resources concerned or reputational risk justify the refund of transaction costs and without prejudice to clause 4.2 of the Project Agreement – KfW can submit a request for refund of the Coordination Levy to the United Nations Secretariat directly or through the Project-Executing Agency. The responsibility to refund the Coordination Levy lies with the United Nations Secretariat and not with the Project-Executing Agency but the Project-Executing Agency will assist within such refund process.
- 2.4 The Coordination Levy shall be disbursed in accordance with Article 3.

Article 3 – Disbursement

- 3.1 KfW shall disburse the grant including the Coordination Levy in one single tranche in accordance with the Grant Agreement. This Project Agreement will be deemed a request for disbursement of the Project-Executing Agency. By a separate agreement, the Project-Executing Agency and KfW shall determine the disbursement procedure, in particular the evidence proving that the requested funds are used for the stipulated purpose.
- 3.2 KfW, pursuant to the Grant Agreement, shall have the right to refuse to make disbursements after 30.11.2022.

Article 4 – Suspension of Disbursement and Repayment

4.1 KfW may not suspend disbursements unless

- a) the Project-Executing Agency fails to perform its obligations to KfW to make payments when due,
- b) obligations under this Agreement, under the Grant Agreement or under separate agreements pertinent to this Agreement or to the Grant Agreement have been violated,
- c) the Project-Executing Agency is unable to prove that the disbursed amounts except for the Coordination Levy (“Disbursed Amounts”) have all been used for the stipulated purpose,
- d) the fulfilment of KfW’s obligations under this Agreement or under the Grant Agreement violates applicable law, or
- e) extraordinary circumstances arise that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project.

4.2 If any of the situations specified in Article 4.1 b), c) or d) has occurred and has not been eliminated within a period determined by KfW, which shall, however, be at least 30 days, KfW may,

- a) in the case of Article 4.1 b) or d), demand the immediate repayment of all Disbursed Amounts;
- b) in the case of Article 4.1 c), demand the immediate repayment of such Disbursed Amounts as the Project-Executing Agency is unable to prove to have been used for the stipulated purpose.

4.3 If any of the situations specified in Article 4.1 has occurred or is threatening to occur, KfW may request the Project-Executing Agency to suspend the use of any Disbursed Amounts. The Project-Executing Agency will suspend (i) the incurrence of new liabilities and/or commitments to be financed by the grant and (ii) disbursements of Disbursed Amounts under existing commitments to third parties, except for such Disbursed Amounts that have been irrevocably committed by the Project-Executing Agency prior to KfW’s request.

Article 5 – Costs and Public Charges

The Recipient shall bear all transfer and conversion costs accruing in connection with the disbursement of the grant.

- d) use its best endeavours to ensure the full financing of the Project and, upon request of KfW, furnish to KfW evidence proving that the costs not paid from this financial contribution are covered;
 - e) maintain, or cause to be maintained, books and records unequivocally showing all costs of goods and services required for the Project and clearly identifying the goods and services financed from this financial contribution;
 - f) enable the representatives of KfW at any time to evaluate and visit the individual projects and all installations related thereto;
 - g) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request in particular make available to KfW on an annual basis a copy of its certified financial statements and external auditors' report on its financial statements prepared by the United Nations Board of Auditors in accordance with the United Nations Single Audit Principle. Internal audit reports will be made public by disclosure on the UNDP internet site and will be made available to KfW. By a separate agreement, the Project-Executing Agency and KfW shall determine the project specific content and form of reporting;
 - h) of its own accord promptly inform KfW of any and all circumstances that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project.
- 7.2 The Project-Executing Agency and KfW shall determine the details pertinent to Article 7.1 by a separate agreement.
- 7.3 For the transport of the goods to be financed from the financial contribution, the provisions of the Government Agreement, which are known to the Project-Executing Agency, shall apply.

Article 8 – Publication and Transfer of Project-related Information

- 8.1 To comply with internationally accepted principles of utmost transparency and efficiency in the development cooperation, KfW publishes selected information (including evaluation reports) about the Project and how it is financed during pre-contractual negotiations, while the Project-related agreement(s) is (are) being implemented and in the post-contractual stage (hereinafter referred to as the "Entire Period").

The information is published regularly on KfW's website for its business area "KfW Development Bank" (<http://transparenz.kfw-entwicklungsbank.de/>).

The publication of information (either by KfW or third parties in accordance with Article 8.3 below) about the Project and how it is financed does not include any contractual documentation or any sensitive financial or business-related detailed information about the parties involved in the Project or its financing, such as

- a) information about internal financial data;
- b) business strategies;
- c) internal corporate guidelines and reports;
- d) personal data of natural persons;
- e) KfW's internal rating of the parties' financial position.

8.2 KfW shares selected information about the Project and how it is financed during the Entire Period with the entities mentioned below, particularly to ensure transparency and efficiency:

- a) subsidiaries of KfW;
- b) the Federal Republic of Germany and its competent bodies, authorities, institutions, agencies or entities;
- c) other implementing organisations involved in German bilateral development cooperation, particularly the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH;
- d) international organisations involved in collecting statistical data and their members, especially the Organisation for Economic Cooperation and Development (OECD) and its members.

8.3 Furthermore, the Federal Republic of Germany has requested, KfW to share selected information about the Project and how it is financed throughout the Entire Period with the following entities, which publish the sections relevant to the purpose:

- a) Federal Republic of Germany for the purposes of the International Aid Transparency Initiative (http://www.bmz.de/de/was_wir_machen/wege/transparenz-fuer-mehr-Wirksamkeit/index.html);
- b) Germany Trade & Invest (GTAI) for the purposes of market information (<http://www.gtai.de/GTAI/Navigation/DE/trade.FOO>);
- c) OECD for the purpose of reporting financial flows in the framework of development cooperation (<http://stats.oecd.org/>);
- d) German Institute for Development Evaluation (DEval) for the purposes of evaluating the overall German development cooperation to ensure transparency and efficiency (<http://www.deval.org/de/>).

8.4 KfW further reserves the right to transfer (including for the purposes of publication) information about the Project and how it is financed during the Entire Period to other third parties so as to safeguard legitimate interests.

The information is not transferred by KfW to other third parties if the legitimate interests of the Project-Executing Agency in the information not being transferred outweigh KfW's interests in it being transferred. The legitimate interests of the Project-Executing Agency particularly include the confidentiality of the sensitive information mentioned in Article 8.1, which is excluded from publication.

Furthermore, KfW is entitled to transfer information to third parties if this is necessary due to statutory or regulatory requirements or to assert or defend claims or other legal rights in court or administrative proceedings.

Article 9 – Miscellaneous Provisions

- 9.1 The Project-Executing Agency undertakes to comply at all times with the obligations set out in Annex 2 (Compliance Covenants).
- 9.2 If any of the provisions of this Agreement is invalid, all other provisions shall remain unaffected thereby. Any gap resulting therefrom shall be filled by a provision consistent with the purpose of this Agreement.
- 9.3 The Project-Executing Agency may not assign or transfer, pledge or mortgage any claims from this Agreement.
- 9.4 The Parties to this Agreement shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or any breach, termination or invalidity thereof. Where the Parties wish to seek such an amicable solution through direct conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force, or such other procedure as may be agreed between the Parties. Unless, any such dispute, controversy or claim between the Parties is settled amicably within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim may be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. The arbitration proceedings shall take place in Geneva, Switzerland. The proceedings will be held in the English language. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.
- 9.5 The legal relations established by this Agreement between KfW and the Project-Executing Agency shall terminate with the end of the useful life of the Project, but not later than 15 years after the signing of this Agreement.
- 9.6 This Project Agreement shall not enter into force until the Grant Agreement on which it is based has entered into force.
- 9.7 The Recipient shall receive a copy of the Project Agreement.

Done in two (2) originals in the English language.

this 16 day of Sep , 2022

this 16 day of Sep , 2022

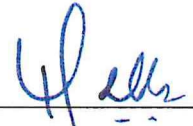
KfW

United Nations Development Programme /
Programme of Assistance to the Palestinian
People



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Annexes:

Annex 1: Separate Agreement

Annex 2: Compliance-Covenants

German Financial Cooperation with the Palestinian Territories
Support to COVID-19 emergency response and vaccination promotion in the
Palestinian Territory – Covid-19 Vaccination Logistics
EUR 10 million No.: 2022.6704.5

Annex 1: Separate Agreement to the Project Agreement

In accordance with the Project Agreement entered into between the United Nations Development Programme (UNDP) / Programme of Assistance to the Palestinian People (PAPP) and further on just named UNDP/PAPP ("Project-Executing-Agency") and KfW ("KfW") dated 16/09/2022 the following shall be determined by separate agreement:

Pursuant to Article 1.1: the details of the Project as well as the goods and services to be financed from the Grant;

Pursuant to Article 7.2: the details pertaining to Article 7.1 (Project Implementation).

1 Project Design

1.1 Details of the Project

The project aims to strengthen the government and partners' capacity to advance the COVID-19 vaccination promotion, while strengthening the health system's capacity to maintain and ensure continuity of essential healthcare services, considering the burden and challenges posed by the COVID-19 pandemic.

To achieve this overarching goal, UNDP will focus the support on four output areas:

- 1) Deployment of health personnel to support the COVID-19 vaccination;
- 2) Support to mobile health clinics in rural areas (Area C) to ensure vaccination and primary healthcare coverage in marginalized communities;
- 3) Provision of critical medical equipment and supplies to support and maintain essential healthcare services;
- 4) Evidence generation to support decision making: development of knowledge products to inform policies and strengthen institutional capacities.

The above focus areas were identified in close coordination with MoH, the Health Cluster, the Working Groups and the UN agencies working in the health sector, based on the principle of complementarity and the comparative advantage and previous experience of UNDP in the sector. The proposed outputs and activities outlined in the below section were identified and developed following initial consultations and coordination with all relevant partners and stakeholders, carried out during the months of March and April 2022.

The design of the Project is based on the Programme-Executing Agencies' Project Proposal (second draft dated 05 May 2022) available to KfW and the Project-Executing Agency, and on the agreements made between KfW and the Project-Executing Agency during the Project appraisal. Given the tight time frame for the preparation and coordination for the planning of this project, the below output indicators and targets will be subject to coordination and verification with all relevant partners, and might, thus, be subject to adjustments after written consent between the parties. The following project outputs and activities shall be financed from the Grant:

Output 1: Deployment of health personnel to support the COVID-19 vaccination

The Palestinian health sector faces a shortage of nurses and midwives compared to WHO recommended staffing levels, as well as a scarcity of doctors for a number of medical specialties. In 2019, reports of specialist doctors leaving Gaza reflected the worsening of the situation in the Gaza Strip.¹ The lack of human resources has been further exacerbated by the COVID-19 crisis and the additional burden placed on the health sector. Since October 2020, the MoH, with UNDP's support through the Investment Project for Resilience (IPR) funded by the Government of Germany through KfW, was able to deploy 1,388 health personnel across the State of Palestine, generating 323,591 workdays².

There was a relative decrease in reported new cases of COVID-19 after mid-February, and progress has been made in the national vaccination efforts. However, the Palestinian health system requires full operational capacity to be able to handle potential increase in number or severity of COVID-19 infections, as well as to enhance the outreach and coverage of the COVID-19 vaccination campaign. Thus, adequate human resources are crucial to strengthen the capacities of the health sector to respond to COVID-19 healthcare needs and strengthen vaccination efforts, while ensuring continuity in the delivery of essential healthcare services to the Palestinian people.

In the latest update of the needs received by MoH, the human resources gap in the Gaza Strip is equal to around 1,300 health personnel. In the West Bank the gap in health personnel is estimated at around 800³. A more detailed assessment of critical gaps in the vaccination coverage will be carried out in close consultation with the MoH in order to determine the geographic distribution of the additional human resources to be deployed.

¹ [WHO Right to Health 2018 Report](#)

² Investment Programme for Resilience, Internal Monthly Reports, February 2022

³ This figure is an initial estimation based on preliminary discussions with MoH. However, the figure will be updated after the Eid holidays.

Proposed intervention:

In order to increase the COVID-19 vaccination coverage across all geographic areas, and particularly in those areas that are further behind, UNDP will deploy 420 additional health personnel (budget to be distributed 50% West Bank and 50% Gaza). Based on the gaps highlighted by MoH, the deployment will focus primarily on doctors, nurses, lab technicians and support staff (administrative personnel, logisticians, cleaners) both in the West Bank and the Gaza Strip. The final prioritization of health personnel based on their category will be made by MoH based on needs and linked to the COVID-19 vaccination and will ensure the achievement of the target of 420 health personnel deployed.

In parallel to the deployment of health personnel, and in close coordination with all relevant actors, training will be delivered to strengthen the health personnel response capacity and preparedness for future crises.

Expected result:

Output 1: Health personnel for COVID-19 response and vaccination deployed

- Indicator 1.1: Number of support staff for COVID-19 related activities (temporarily) financed by BMZ
 - Target: 420 health personnel (50% Female and 50% Male)
- Indicator 1.2: Number of people formally trained on COVID-19 related topics with BMZ support
 - Target: 420 health personnel (50% Female and 50% Male)

Output 2: Support to mobile health clinics in rural areas (Area C) to ensure vaccination and primary healthcare coverage in marginalized communities

The Palestinian Central Bureau of Statistics (PCBS) estimates that there are 370,000 Palestinians living in Area C of the West Bank, with limited access to basic services – including healthcare and particularly vaccination. Mobile health clinics aim to bridge the gap in access to primary healthcare services and vaccination coverage for these vulnerable communities due to lack of services and movement restrictions, by providing primary healthcare level 2 services. These include preventive services such as mother and child health care, vaccinations (including COVID-19 vaccination services), and health education as well as curative services.

Proposed intervention:

In order to ensure the continuation of vaccination services and provision of primary healthcare to marginalized communities across Area C of the West Bank, UNDP will provide support to mobile health clinics. The proposed intervention includes the following elements:

- Establishing two new MoH mobile clinics through the purchase of two fully equipped vehicles covering priority geographical locations, to provide COVID-19 vaccination as well as primary healthcare services.
- Supporting three already established NGO-run mobile clinics that provide critical primary healthcare services to vulnerable and marginalized communities and support the MoH roll-out of COVID-19 vaccination in remote communities. The support will include staffing, equipment and running costs.

In close partnership with MoH and the other health actors, particularly UNICEF and WHO, additional awareness raising sessions and sensitization work will be designed and rolled-out through the NGO-run mobile clinics.

Expected result:

Output 2: Response and outreach capacities of mobile health clinics enhanced

- Indicator 2.1: Number of COVID-19 sites (mobile clinics) established or improved as a result of direct BMZ support
 - Target: Five (5) mobile clinics established and/or improved
- Indicator 2.2: Number of support staff for COVID-19 related activities (temporarily) financed by BMZ
 - Target: 12 health staff
- Indicator 2.3: Number and category of procured items (for instance mobile oxygen cylinder, vital signs monitor and others)
 - Target: 30

Output 3: Provision of critical medical equipment and supplies to support and maintain essential healthcare services

Despite the progress in the COVID-19 vaccination campaign and the relative decrease in reported new cases of COVID-19 from mid-February, the Palestinian health system still requires support not only to ensure effective COVID-19 vaccination efforts, but also to maintain and enhance provision of essential healthcare services.

Proposed intervention:

In order to strengthen Covid-19 related treatment capacities and basic medical services, critical medical equipment and supplies will be procured and delivered to health facilities based on a thorough and updated needs assessment.

Expected results:

Output 3: Critical medical equipment and supplies in place in health facilities

- Indicator 3.1: Number and category of procured items (for instance portable ventilators, laboratory / diagnostic equipment, intensive care units and others)
 - Target: 70 Laboratory/ diagnostic equipment

Output 4: Evidence generation to support decision making: development of knowledge products to inform policies and strengthen institutional capacities

Proposed intervention:

In parallel to the above output areas, initial conversations with MoH and other health actors highlighted the need to complement the direct support to the health sector with analyses on sustainability models particularly for mobile clinics, and also for the management of human resources and the broader digital transformation of the institutions in Palestine. UNDP will elaborate specifications during the inception phase of the project in close coordination with MoH, WHO and other relevant partners.

Expected results:

Output 4: Institutional knowledge and capacities strengthened in the area of responsive and sustainable health services provision

- Indicator 4.1: Number and type of measures aimed at short-term evidence generation to support decision making for improved quality of COVID-19 related measures
 - Target: 1 policy document and/or 1 website enhancement. Target group is the Ministry of Health.

1.2 Time and duration of the project

The project duration is 15 months starting from the date of the pertinent Project Agreement.

1.3 Total cost and financing

The estimated total Project cost is EUR 9,900,990.10. The Grant amount is EUR 10 million. The composition of the Overall Total including the Coordination Levy and the financing plan are contained in the budget in Annex 1.2.

1.4 Changes in the project design

Given the volatile health situation and the presence of different actors supporting the health sector, the breakdown/activities under each focus area might be subject to adjustments, in order to reflect the latest health needs updates and continued/ ongoing consultations and coordination with relevant actors supporting the health sector response to COVID-19 and the national vaccination campaign.

Adjustments to the project design, planned outputs, target indicators, budget or other relevant part of the project shall require KfW's prior consent.

2 Project implementation

2.1 Responsibilities

The Programme of Assistance to the Palestinian People of the United Nations Development Programme - UNDP/PAPP shall be responsible for the implementation of the Project.

Within UNDP/PAPP a PIU will be in charge of

- a. all managerial, administrative and financial matters related to the Project;
- b. quality assurance related to the daily technical monitoring of the Project;
- c. daily supervision of Project activities;
- d. Project monitoring and reporting.

The PIU is under the direct supervision of an UNDP/PAPP Programme Specialist who is in charge of the necessary overall quality assurance. The PIU consists of a Project Manager, a Project Coordinator (West Bank), a Project Coordinator (Gaza), a national UN Volunteer based in the West Bank to support the communication and visibility efforts, a GIS Assistant to support the monitoring and evaluation efforts, including data visualization, processing of geographic information, a Driver, and a Procurement Analyst.

2.2 Implementation Modalities

Deployment of health personnel:

For the deployment of health personnel to address needs in the West Bank, UNDP will follow the same project management implementation modality adopted through the ongoing Investment Programme for Resilience (“IPR”) implemented by UNDP with funding from the Government of Germany through KfW. UNDP will rely on the MoH priorities and selection process for the deployment of health workers, based on jointly agreed criteria. Financial resources will be transferred directly to the beneficiaries (health workers) in the form of a monthly salary, based on proof/documentation submitted by MoH. The details of such an arrangement will be outlined in a Letter of Agreement (LoA) between UNDP and MoH prior to starting the selection procedure of health workers.

In the Gaza Strip, due to the presence of a de-facto government, UNDP will follow a different implementation modality. Instead of doing direct implementation, UNDP will sign a Responsible Party Agreement with an Implementing Partner (IP) to oversee the selection process, the deployment of health workers and the follow up and reporting. For the selection of the IP, UNDP will tap into a newly updated roster of relevant and qualified Implementing Partners (IPs) which was established at the beginning of 2022 following a competitive procurement process in line with UNDP rules and regulations.

The deployment of health staff will be closely coordinated with the MoH and the WHO (see chapter 3 below). Respective communications will be documented.

Support to mobile health clinics:

UNDP will undertake consultations with MoH, the mobile clinics working group and all relevant actors to identify which geographic areas need to be prioritized, with initial findings pointing to prioritized needs for marginalized communities in Area C of Hebron and Jenin governorates, as well as Salfit and Nablus governorates. The support to NGO-run mobile clinics will be designed in close cooperation with UNFPA and other actors currently supporting this component.

Regarding the provision of support to mobile health teams, when applicable UNDP will employ the direct implementation modality based on the MoH technical specifications, for the purchase of two new mobile clinics in line with UNDP's rules and regulations and standards for procurement.

In parallel to the MoH supported mobile clinics, UNDP will expand the outreach of the intervention to NGO-run mobile health clinics (e.g., PMRS; PRCS). In order to do so, UNDP will sign Responsible Party Agreement(s) with the relevant NGO for the roll-out of the support.

The items to be financed from the Grant will be closely coordinated with the Ministry of Health and the WHO (see chapter 3 below). Respective communications will be documented.

Medical equipment and supplies:

UNDP will establish a structured process to ensure proper coordination with the MoH, WHO, UNICEF and other partners in the health sector, and to ensure the presentation of an agreed list of priority items to be procured under this project for the health sector (refer as well to chapter 3 below). All items to be procured will be subject to no-objection by KfW.

With regards to the procurement of medical equipment and supplies, UNDP will follow the direct implementation modality in line with UNDP's rules and regulations and standards for procurement.

Evidence generation:

UNDP will coordinate with MoH, WHO and UNICEF in the assessment of existing information management mechanisms, current needs and prioritization of required action. Only activities supported by MoH, WHO and UNICEF will be considered for implementation.

2.3 Environmental, Social and Health & Safety Compliance

UNDP shall at all times carry out its business and operations in compliance with all applicable national environmental, occupational health & safety and social laws and regulations.

UNDP shall be responsible for the preparation, implementation and operation of the Project in compliance with UNDP environmental and social standards and the UNDP applicable guidelines on the subject which will meet KfW requirements.

Details on implementation requirements and agreements are given in the agreed Environmental and Social Commitment Plan (ESCP) in Annex 1.3. The implementation of the ESCP has to be monitored and reported as part of the regular project monitoring requirements. The ESCP will be reviewed regularly and amended as required in agreement between KfW and UNDP.

UNDP shall comply with the applicable Fundamental Conventions of the International Labour Organization (ILO).

UNDP shall ensure that occupational and public health and safety provisions are consistent with the objectives national requirements and international good practice standards, and put forward to contractors, subcontractors, and to suppliers, in particular those for major supply items. UNDP shall exclusively apply its own contracting templates with contractors, subcontractors and suppliers.

UNDP shall develop and implement a grievance mechanism satisfactory to KfW, which is accessible to the general public and in particular to Project affected persons, and to the workforce engaged in Project implementation.

2.4 Award of contracts for goods and services

The contracts for works, goods and all other services shall be awarded by way of competitive public bidding according to UNDP procurement regulations. The UNDP procurement regulations in force at the date of signing of this Separate Agreement are enclosed as Annex 1.4. The Project-Executing Agency shall inform KfW promptly of any changes in the UNDP procurement regulations insofar these are relevant for the Project. UNDP/PAPP will apply only UNDP procurement procedures for all procurement to be conducted by UNDP/PAPP.

When approving contracts for goods and services to be financed from the Grant, the Project-Executing Agency shall also ensure that the following principles are observed:

- a. As no import duties may be financed from the Grant pursuant to Article 1.4 of the Project Agreement, such import duties, if part of the contract value, shall be stated separately in the contracts for the goods and services and in the invoices.
- b. If payments due under the contracts for goods and services are to be made from the Grant, said contracts shall include a provision stipulating that any reimbursements, guarantee or similar claimable payments and any insurance payments shall be made for account of the Project-Executing Agency. Such funds are to be re-utilized for the execution of the Project.

2.5 Reporting

The Project-Executing Agency shall submit to KfW an inception report, and a final report. The reports shall cover the achievements of agreed outputs as well as on the development of all other important general conditions including environmental and social performance, topics of occupational health and safety and labour conditions, and grievances which may have occurred.

In addition, the Project-Executing Agency shall report on an ad-hoc basis on all circumstances that might jeopardize the achievement of the overall objective, the Project purpose and the results.

With regard to environmental and social matters, including occupational health & safety and labor issues as well as unintended impacts, the Project-Executing Agency shall notify KfW promptly of any event, incident or accident in relation to the Project execution that

- I. has, or is likely to have a direct or potentially material adverse effects
- II. has attracted or is likely to arouse substantial adverse attention of outside parties or to create substantial adverse media/press reports, or
- III. gives, or is likely to give rise to material potential liabilities.

The Project-Executing Agency shall also inform KfW of details of any measures taken to mitigate or remedy the effects or cause of such events.

The inception report shall be submitted by 30 June 2022. To fit with reporting requirements to BMZ, the final report will be submitted as an interim final report by 28 February 2023 and, after completion of all project activities and financial closure of the Project, a final report by 30 September 2023.

3 Coordination and synergies

3.1 Roles of the various actors

With multiple actors being engaged and contributing to the wider COVID-19 health response and the vaccination campaign, coordination is crucial to ensure synergies and complementarities are identified and operationalized, as well as to avoid duplication of efforts. Therefore, UNDP will ensure an extensive dialogue and consultations with relevant actors - including MoH, Health Cluster, WHO, UNFPA and UNICEF – to understand priority needs and identify entry points for supporting the national COVID-19 vaccination campaign, in a way that can complement other actors' ongoing efforts and fill critical gaps.

In the Palestinian context, WHO and UNICEF are leading actors supporting the Government of Palestine's efforts related to the national COVID-19 vaccination campaign. While WHO plays a key role in ensuring COVID-19 technical support and diagnostics, and strengthening the vaccine cold chain, UNICEF has been leading efforts for the transportation and distribution of COVID-19 vaccines, as well as raising public awareness to promote increased vaccine uptake and leading Risk Communication and Community Engagement (RCCE) activities. Moreover, mobile health clinics – coordinated through the Mobile Clinics Working Group of the Health Cluster – also contribute to the COVID-19 national vaccination campaign.

3.2 Coordination structure

UNDP will ensure that all project activities are coordinated with the Health Cluster as well as the Mobile Clinics Working Group. The Health Cluster was established in the State of Palestine in 2009 in response to the humanitarian crisis that followed the Israeli military operation in the Gaza Strip. The Health Cluster represents a partnership of over 70 organizations: local and international nongovernmental organizations and UN agencies that are committed to working together to provide needs-driven and evidence-based health and nutrition responses in the State of Palestine by increasing synergies between individual cluster partner projects and reducing duplications and redundancies. The Cluster is chaired by WHO and co-chaired by the MoH to ensure alignment with national policies and plans.

In addition, in 2018, the Health Cluster established the Mobile Clinics Working Group coordinated by UNFPA, which includes the following actors: MoH, WHO, CARE, PMRS, MSF (France/ Spain/ Belgium, UNRWA, PRCS, MAP-UK, ICRC, Medecins du Monde (MdM), UNICEF, UNFPA, UHWC, International Medical Corps (IMC) Palestinian Family Planning, and Protection Association (PFPPA) , Humanity & Inclusion (HI), Physicians for Human Rights Israel (PHRI), St John Eye Hospital and CISP Palestine. The objective of the working group is to strengthen the mobile clinics activities coordination, establish minimum standards of care, share knowledge and training on successful practices, and improve health information management. Other provisions

Subject to the UN Single Audit Principle and UNDP's Information Disclosure Policy, the Project-Executing Agency shall send KfW all such documents as are necessary for KfW to give the comments and approvals mentioned above or in the enclosed guidelines early enough to allow reasonable time for examination.

For individual activities, the Project-Executing Agency, after coordination with KfW, shall set up Project sign boards or apply stickers where appropriate that inform about the German contribution.

The above provisions may be amended or modified at any time by mutual consent if this should appear useful for the implementation of the Project or the execution of the Project Agreement.

Annexes

Annex 1.1: Results Matrix

Annex 1.2: Budget

Annex 1.3: Environmental and Social Commitment Plan (ESCP)

Annex 1.4: UNDP procurement methods

Support to COVID-19 emergency response and vaccination promotion in the Palestinian Territory

BMZ-No. 2022 67 045



Annex 1.1: Results Matrix¹

<p>Intended Outcome as stated in the UNDAF/UNSDCF/Country Programme Results and Resource Framework: UNDAF Strategic Priority 3: Leaving no one behind: Supporting sustainable and inclusive economic development UNDAF Outcome 3.2: Palestinians have greater access to decent productive jobs UNDAF Strategic Priority 4: Leaving no one behind: Social development and protection UNDAF Outcome 4.1: More Palestinians, especially the most vulnerable, benefit from safe, inclusive, equitable and quality services</p>							
<p>Relevant SDG indicators that the Programme contributes to:</p> <ul style="list-style-type: none"> - <u>SDG 3</u>: 3.d.1 International Health Regulations (IHR) capacity and health emergency preparedness - <u>SDG 12</u>: 12.4.2 (a) Hazardous waste generated per capita; and (b) proportion of hazardous waste treated, by type of treatment - <u>SDG 16</u>: 16.6.2.1 Proportion of population satisfied with their last experience of public services healthcare services 							
EXPECTED OUTCOMES & OUTPUTS	OUTCOMES & OUTPUT INDICATORS ²	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION / COMMENTS
			Value	Year	Year 1 (March 2023)	FINAL	
<p>Outcome 1: Government and partners in the health sector advance the COVID-19 vaccination promotion and sustain essential healthcare services</p>	<p>- Number of people with access to COVID-19 measures</p>	<p>UNDP, MoH and partners</p>	<p>0</p>	<p>2022</p>	<p>250,000</p>	<p>250,000</p>	<p>Estimation of people with access based on information collected from MoH and other implementing partners. Among the target group are people served through mobile health clinics, deployment of personnel and medical equipment and supplies.</p>

¹ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

Output 1: Health personnel for COVID-19 response and vaccination deployed	- Number of support staff (health personnel) for COVID-19 related activities (temporarily) financed for a period of up to 12 months (in hospitals and health stations)	MoH, UNDP	0	2022	420	420 (50% female)	Registry of the MoH. Close monitoring by UNDP
	- Number of people formally trained on COVID-19 related topics	MoH, UNDP	0	2022	420	420 (50% female)	Registry of the MoH. Close monitoring by UNDP
Activities output 1	Activity 1.1: Deployment of health personnel (e.g. doctors, nurses, lab technicians, support staff) placed in health facilities						
	Activity 1.2: Training of health personnel on COVID-19 related topics						
Output 2: Response and outreach capacities of mobile health clinics enhanced	- Number of COVID-19 sites established or improved (here: mobile clinics)	MoH, UNDP, partners	0	2022	5	5	UNDP monitoring tools
	- Number of support staff for COVID-19 related activities (temporarily) financed for a period of up to 12 months (in mobile health clinics)	MoH, UNDP, partners	0	2022	12	12	Implementing partners monitoring systems. Close monitoring by UNDP
	- Number and category of procured items (for mobile health clinics)	MoH, UNDP	0	2022	30	30	UNDP and MoH monitoring tools
Activities output 2	Activity 2.1: Procurement of two mobile clinics (vehicles) to MoH						
	Activity 2.2: Support three NGO-run mobile clinics						
Output 3: Critical medical equipment and supplies in place in health facilities	- Number and category of procured items (for hospitals and health stations)	MoH, UNDP	0	2022	70	70	UNDP and MoH monitoring tools
Activities output 3	Activity 3.1: Provision of critical medical equipment						
	Activity 3.2: Provision of critical medical supplies						
Output 4: Institutional knowledge and capacities strengthened in the area of responsive and sustainable health services provision	- Number and type of measures aimed at short-term evidence generation to support decision making for improved quality of COVID-19 related measures	MoH, UNDP	0	2022	2	2	1 policy document and 1 website enhancement
	Activity 4.1: Design of new features for the corona.ps website						
	Activity 4.2: Development of a policy document on mobile clinics sustainability models						

Support to COVID-19 emergency response and vaccination promotion in the Palestinian Territory
BMZ-No. 2022 67 045

Annex 1.2: Budget

	Activity	Description	Total Budget	%
A=B+C+D	Total project input cost / Direct Project Costs (as of KfW terminology)		€ 8.799.659	88,00%
B	Outcome 1		€ 7.600.000	76,00%
	Output 1.1	Health personnel for COVID-19 response and vaccination deployed	€ 3.310.000	
	Output 1.2	Response and outreach capacities of mobile health clinics enhanced	€ 1.120.000	
	Output 1.3	Critical medical equipment and supplies in place in health facilities	€ 3.080.000	
	Output 1.4	Institutional knowledge and capacities strengthened in the area of responsive and sustainable health services provision	€ 90.000	
C	Project operating costs		€ 810.049	8,10%
	PIU Staff	Project Manager (WB)		
		Project Coordinator (WB)		
		Project Coordinator (Gaza)		
		UNV (WB)		
		GIS Assistant		
		Driver		
		Procurement Analyst		
	Visibility	Visibility and Communication Activities		
	Evaluation and Quality Assurance	Technical expertise (Health Policy Expert, etc.)		
		Audit and Evaluation		
	Office Cost	Operational services (HR, Finance, General Services)		
		Transportation including vehicle		
		Office consumables		
D	Contingency		€ 389.610	3,90%
E	Direct Project Costs / Indirect Project Costs (as of KfW terminology)		€ 367.924	3,68%
	Direct Project Costs	Quality Assurance		
		Business Solutions Service Centre Support (includes resource management, asset management, and programme finance)		
		RBM Support		
		Communication Support		
F=(A+E)*8%	UNDP Facilities and Management Fees (8%)		€ 733.407	7,33%
G=A+E+F	Total Budget without levy		€ 9.900.990	99,01%
H=G*1%	1% coordination levy to finance the United Nations Resident Coordinator System		€ 99.010	0,99%
I=G+H	Total Budget including levy		€ 10.000.000	100,00%

**Support to COVID-19 emergency response and vaccination promotion in the
Palestinian Territory
BMZ-No. 2022 67 045**

Annex 1.3

ENVIRONMENTAL and SOCIAL COMMITMENT PLAN (ESCP)

[29.06.2022]

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. UNDP will implement the Support to Covid-19 emergency release and vaccination campaign in the Palestinian Territory with the support of the Ministry of Health. KfW Development Bank (hereinafter KfW) has agreed to provide financing for the Project.
2. UNDP will implement material measures and actions so that the Project is implemented in accordance with the Environmental and Social Standards (**ESSs**). This Environmental and Social Commitment Plan (**ESCP**) sets out material measures and actions, any specific documents or plans, as well as the timing for each of these.
3. UNDP will if needed also comply with the provisions of any other E&S documents required in this ESCP, which defines good environmental, social, community safety, occupational health and safety practices aiming to minimize potential negative impacts by the Project.
4. Implementation of the material measures and actions set out in this ESCP will be monitored and reported to *KfW* by UNDP as required by the ESCP and the conditions of the legal agreement, and *KfW* will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
5. As agreed by *KfW* and UNDP, this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to assessment of Project performance conducted under the ESCP itself. In such circumstances, UNDP will agree to the changes with *KfW* and will update the ESCP to reflect such changes. Agreement on changes to the ESCP will be documented through the exchange of letters signed between *KfW* and the UNDP. The UNDP will promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	ORGANIZATIONAL STRUCTURE Establish and maintain an organizational structure with qualified staff and resources to support management of Environmental Social Health and Safety (ESHS) risks.	<i>The organizational structure should be maintained throughout the Project implementation</i>	UNDP / MoH
1.2	ENVIRONMENTAL AND SOCIAL ASSESSMENT No Environmental and Social Impact assessment is needed		
1.3	STAKEHOLDER ENGAGEMENT Stakeholder Engagement Plan will be prepared and conducted. It can be based on the process defined in the UNDP's <u>Social and Environmental Screening Procedure (SESP)</u> and <u>Social and Environmental Standards (SES)</u> .	<i>Stakeholder engagement should start as early as possible and be ongoing during the entire project lifetime.</i>	UNDP
1.4	MANAGEMENT OF CONTRACTORS Not relevant		
ESS 2 : LABOR AND WORKING CONDITIONS			
2.1	GRIEVANCE MECHANISM FOR PROJECT WORKERS /Cash for Work employees Establish, maintain, and operate a grievance mechanism in line with UNDP Stakeholder Response Mechanism	<i>Grievance mechanism operational prior to starting the project activities and is maintained throughout the project implementation.</i>	UNDP / MoH
2.2	OCCUPATIONAL HEALTH AND SAFETY (OHS) When needed prepare, adopt, and implement occupational, health and safety (OHS) measures for the personnel engaged by the project	<i>Before starting the project and throughout the duration of the project</i>	UNDP/MoH
2.3	Develop and implement a management plan for the COVID 19 Vaccination deployment UNDP shall follow the MoH Vaccination Plan that identifies fixed locations for conducting the vaccination across the different governorates (Hospitals, clinics and directorates) and a dedicated team to give the vaccination.	<i>Before the start of the project and implement it during the project</i>	MoH

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
2.4	<p>PROJECT WORKERS TRAINING</p> <p>If required, implement training of the personnel engaged by the project designed to heighten awareness of OHS risks and to mitigate impacts on local communities.</p> <p>All health workers deployed under the project will be receiving an on-job training related to COVID-19 delivered by MoH</p>	<i>Before starting the project and during the project</i>	UNDP/MoH
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	<p>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</p> <p>If needed implement resource efficiency and pollution prevention and management measures</p>	<i>During the entire project lifetime</i>	UNDP / MoH
3.2	<p>POLLUTION PREVENTION AND MANAGEMENT/Waste Management Plan</p> <p>Ensure the implementation of the Medical/Hazardous waste management plan developed by MoH which covers measures and procedures for pollution prevention and management of medical and any hazardous waste. Provide trainings on how to deal with the medical waste to the personnel responsible.</p>	<i>Before starting the project and during the project lifetime</i>	UNDP/MoH
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	<p>COMMUNITY HEALTH AND SAFETY</p> <p>If needed prepare, adopt, and implement measures and action to assess and manage specific risks and impacts to the community arising from Project activities for eg. behavior of the personnel, risks of labor influx, response to emergency situations.</p>	<i>During the entire project lifetime</i>	UNDP / MoH
4.2	<p>SECURITY PERSONNEL</p> <p>Follow the national civil service and labor law with regards to Security Personnel Management for the health workers deployment.</p>	<i>Ensure that the Security Personnel Management Plan is in place before the start of the project and is implemented throughout the project lifetime</i>	UNDP/MoH
4.3	<p>GBV AND SEA RISKS</p> <p>UNDP will take measures addressing risks and impacts in regard to Gender-Based Violence (GBV) and sexual exploitation and abuse (SEA) by adhering to</p>	<i>During the entire project lifetime</i>	UNDP/MoH

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
	<p>relevant UNDP policies and Code of Conduct, as well as provisions from World Bank’s Guidance Note on Management of Gender-Based Violence (2017).</p> <p>UNDP and MoH will establish, maintain, and operate their own measures to diligently address risks and impacts in regard to GBV and SEA.</p>		
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
Not relevant			
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
Not relevant			
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
Not relevant			
ESS 8: CULTURAL HERITAGE			
Not relevant			
8.1	<p>CHANCE FINDS</p> <p>Not relevant</p>		
ESS 9: FINANCIAL INTERMEDIARIES			
Not relevant			
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	<p>STAKEHOLDER ENGAGEMENT</p> <p>Stakeholder Engagement Plan will be prepared and conducted. It can be based on the process defined in the UNDP’s <u>Social and Environmental Screening Procedure (SESP)</u> and <u>Social and Environmental Standards (SES)</u>.</p>	<p><i>Stakeholder engagement should start as early as possible and be ongoing during the entire project lifetime.</i></p>	UNDP / MoH
10.2	<p>PROJECT GRIEVANCE MECHANISM</p> <p>Establish, maintain, and operate a grievance mechanism for the personnel that is engaged by the project and for the community or other stakeholders of the Project</p>	<p><i>Grievance mechanism operational and maintained throughout the project implementation.</i></p>	UNDP / MoH

Procurement Methods

Contents	
General Principles.....	2
Overview of Standard Procurement Methods	3
Types of Competition	3
Open international competition	3
Limited international competition	4
National competition	5
Standard Procurement Methods.....	6
Micro-purchasing	6
Determining the best offer	7
Request for quotation.....	8
Determining the best offer	8
Invitation to bid.....	9
Determining the best offer	10
Request for proposals	11
Determining the best offer	11
One- or two-stage request for proposal processes	12
Direct contracting.....	13
Combined and/or complex procurement requirements	17

General Principles

1. Responding effectively to programme and operational needs depends on the timely availability of high-quality goods and services. UNDP's procurement practitioners are expected to acquire goods and services from the best sources according to stipulated policies and procedures. They must exercise sound judgement, and carefully consider costs and benefits to the organization.
2. Because UNDP funds are entrusted to it by the public, all transactions must be carried out based on the highest degree of accountability and impeccable standards. Regardless of their purpose and funding sources, procurement actions must always be subject to the following general principles:
 - a. **Best value for money**
 - i. This core governing principle requires selecting the offer that best meets required needs and presents the best return on investment. Best value for money must not be equated with the cheapest offer. It entails the optimum combination of factors such as appropriate quality, life-cycle costs and benefits, and other parameters to meet social, environmental or other strategic objectives.
 - b. **Fairness, integrity and transparency**
 - i. All business units are responsible for ensuring fair and impartial treatment of all offerors and transparent management of competition. These aims may be achieved, for example, through widening the variety of prospective offerors, unambiguous solicitation instructions, clear evaluation criteria, realistic definition of requirements, and attainable rules and procedures.
 - c. **Effective international competition**
 - i. Effective international competition requires that all eligible prospective offerors from all UN Member States be given timely and adequate information on UNDP requirements, along with equal opportunities to submit an offer.
 - ii. All business units shall be responsible for fostering an enabling environment that allows a wide array of vendors to participate in a predictable process. Business units must ensure that no restrictions are placed on solicitation documents that limit the pool of, or countries of origin of, potential offerors to a UNDP procurement notice.
 - d. **Best interests of UNDP**
 - i. While many procurement decisions are contingent on individual cases and environments, at a minimum, they should adhere to all previously cited principles and uphold the best interests of UNDP. All related processes, decisions and actions should be governed by UNDP Financial Regulations, Rules and Procedures.

- ii. Where a donor agreement requires a UNDP business unit to agree on any limitations or conditions that may compromise, or are in conflict with, any of the above principles to any extent, the business unit must obtain prior approval from the UNDP Chief Procurement Officer before the agreement is finalized.

Overview of Standard Procurement Methods

3. Different procurement methods are summarized as follows:

Procurement method	Contract value	Type of requirement	Method of solicitation	Type of competition
Micro-purchasing	Below US \$5,000 (\$10,000 if approved by the Bureau)	Goods, services or simple works	Canvassing (by phone, Internet, shopping, etc.)	Limited international or national
Request for quotation	US \$5,000 (\$10,000 if approved by the Bureau) to \$199,999	Goods, services or simple works	Written request for quotation	Limited international or national
Invitation to bid	US \$200,000 and above	Goods or works	Advertisement in international media	Open international
Request for proposal	US \$200,000 and above	Services	Advertisement in international media	Open international
Direct contracting	Any amount within permissible circumstances	Services, goods or works	Direct invitation or negotiation	None

Types of Competition

4. Procurement neutrality, economy and efficiency can only be achieved through a competitive playing field among prospective offerors. UNDP Financial Regulations and Rules (Rule 121.03) emphasize competition on as wide a geographical basis as is practical and suited to the market.
5. Depending on the requirement and total contract value, UNDP adopts any of the following types of competition.

Open international competition

6. Opening competition to the international market provides equal opportunity to all eligible vendors. It entails a public advertisement in globally accessible media. The following conditions must be met:

- a. The procurement opportunity should be advertised on UNDP's corporate website;
 - b. It should be posted in the UN Global Marketplace (i.e., www.ungm.org); and
 - c. Advertisements should remain online for a minimum of two weeks.
7. Due diligence requires supplementing the advertisement with market research efforts aimed at expanding the competitive field. Such efforts may include, but need not be limited to, proactively identifying entities known as specialists or reliable sources, and directly notifying them of the advertisement. It can also encompass advertising in websites or journals with a wide circulation.
8. When a prequalification process is undertaken through an open advertisement, typically as a preliminary step to an invitation to bid or request for proposal, the competition among shortlisted eligible offerors is considered an open international competition.

Limited international competition

9. Limited international competition is conducted by narrowing the competitive field to a short list of prospective offerors. This is pre-determined through a non-discriminatory evaluation of qualifications. Such a process may involve various sourcing methods, such as:
- a. Use of existing rosters
 - b. Shortlisting from previous rounds of prequalification or expressions of interest from another selection process, assuming similar goods or services
 - c. Previous vendors of known satisfactory performance
 - d. Referrals of vendors from other UN entities
 - e. Publicly accessible trade books and online databases
 - f. Advertised call for expressions of interest
 - g. Conventional business directories
10. All shortlisted offerors should submit an offer using standard documents and instructions as stipulated in a request for quotation, request for proposal or invitation to bid.
11. This mode of competition is appropriate when:
- a. The contract value is relatively low (less than US \$200,000)

- b. The market is highly regulated or controlled, or the industry is very oligopolistic, and it is publicly known that only a few entities can meet the requirements; all of these must be directly invited to submit an offer
 - c. Other exceptional reasons that may justify or rationalize departure from open international competition, as may be allowed by the Chief Procurement Officer
12. Where limited international competition is applied, business units must ensure that a sufficient number of prospective offerors are invited, and that at least three offers are received and evaluated in order to establish value for money. Where this minimum number of offerors is not achieved, despite all efforts, a written justification should be provided.
13. Narrowing the competitive field to only a certain region or list of countries, for whatever justifiable reason, is considered limited international competition.

National competition

14. While international competition is the preferred mode of procurement in UNDP, national competition may be allowed when the value of the requirement is less than US \$200,000, and when any one or any combination of the following circumstances also exists:
- a. The required goods/services/works are available locally at about the same or lower prices compared to those of comparable quality from the global market.
 - b. The requirement is for construction works that are expected to be geographically scattered in various parts of a country and intensive in the use of local labour, and the country has a sufficient base of contractors with the qualifications and competence needed to complete the works.
 - c. Services needed require a substantive depth of knowledge and understanding of the local environment, culture, language, socio-political dynamics or national systems that an international entity will probably not possess.
 - d. There is a very low probability that an international entity will be interested in submitting an offer or partnering with national entities, so that the administrative and financial costs of opening to the international market will not yield any benefit.
15. UNDP staff must justify national competition in writing in the procurement documentation. If advertisement is desired, publication may be limited to any or all media freely accessible nationwide. Any international entity that wishes to participate in a national competition must, at all times, be allowed to do so.

Standard Procurement Methods

16. Robust strategic planning will ensure that procurement is predictable, timely and adequately supports programme and operational needs. Once a requisition has been written and approved, and the funding allocation ensured, the method of procurement should be determined, along with the type of competition. Determining the most appropriate procurement method involves a clear understanding of the expected purpose and outcomes of goods, services or works.
17. The following sections describe standard competitive methods of procurement.

Micro-purchasing

18. Micro-purchasing is a simplified procurement method for readily available goods, standardized services and small works, where contract amounts do not exceed US \$5,000. Such purchases may constitute a significant volume of UNDP’s total procurement, but their aggregate value remains relatively low. A simplified process is preferred to reduce transaction costs.
19. Country Offices may request increasing the Micro-purchasing threshold to \$10,000 as part of the request for the Increased Delegation of Procurement Authority. Country Offices may also request increasing the Micro-purchasing threshold as a stand-alone measure. The Regional Chief Procurement Officers (RCPOs) shall authorize such increase when it is in the best interest of the organization and ensure this approval is appropriately documented.
20. Micro-purchasing may be undertaken through the following steps:

Selection process	<p>a) Canvassing of at least two vendors, by phone, online or through local shopping, or</p> <p>b) Justification for direct contracting, if circumstances require that even canvassing be waived</p>
Minimum documentation	<p>a) Duly accomplished Micro-Purchase Canvass Form, including supporting documents if any</p> <p>b) Brief note to file justifying waiving the canvassing (based on Rule 121.05 (i)) if circumstances require</p>
E-requisition and purchase order creation and approval, with general terms and conditions attached	<p>a) Mandatory for all purchases of assets valued above US \$5,000 (note: a purchase order is required for goods valued above US \$5,000 to record all relevant information in the Atlas Asset Management module).</p> <p>b) Mandatory for all purchase of goods, services and small works valued above USD \$5,000 (use below the threshold is optional)</p> <p>c) Mandatory for IC’s regardless the amount (For Individual Contracts -IC- Contract Management Module must be used together with E-Req and PO)</p>

21. The term “canvassing” as indicated above may refer to any of the following methods:
- a. Telephone inquiries – where the UNDP staff makes phone calls to inquire on the cost and notes the responses of the vendors;
 - b. Electronic browsing – where the UNDP staff goes to online sources/catalogues and prints out the prices corresponding to the requirement; or
 - c. Local shopping – where the UNDP staff physically goes to stores or shops in the locality to compare the actual prices.
22. The [Micro-Purchase Canvass Form](#) is a simple template developed to systematically document interaction with vendors. It is typically filled by procurement staff, or any staff person designated to perform the function, while ensuring compliance with the Internal Control Framework.
23. Vendors may be sourced from within or outside a business unit’s roster. If canvassing is waived, a written justification, in the form of a note to file, will have to be approved by the operations manager of the business unit.

Determining the best offer

24. Where canvassing is done of at least two vendors, the one compliant with requirements and offering the lowest price shall be awarded the contract. Where the vendor with the second lowest price offers significantly superior quality, and the price is higher by not more than 10 percent, the vendor may be selected if the budget can sufficiently cover the price difference. Superior quality refers to offers that have exceeded pre-determined requirements. It does not apply to features, qualities or characteristics not originally indicated as requirements.
25. The Micro-Purchasing Canvass Form is designed so staff using it may recommend a vendor, based on relevant policies and award criteria. The requisitioner may confirm the recommendation or choose another vendor, writing a justification for the latter on the same form. Where the procurement staff and the requisitioner disagree on the choice of the vendor, they are encouraged to discuss the matter and ensure consistency of the final decision with relevant policies.
26. The micro-purchasing option is intended to provide flexibility when requirements are low in value and not expected to be needed again in the short term. Where there is a clear indication of or forecasted demand for the same type of goods, services or small works, other procurement methods applicable to higher value requirements must be used, based on aggregated volume.
27. Splitting high-value requirements into parts valued at less than US \$5,000 solely to apply micro-purchasing is a serious deviation from standard UNDP procurement policies and procedures, and must be avoided at all times.
28. The accumulation of payments made to a vendor through repeated use of micro-purchasing shall be monitored by business units with procurement oversight functions. When such cumulative payments

reach thresholds that require procurement committee reviews, the case shall be submitted to the relevant committee. The heads of business units remain responsible for ensuring that the additional flexibilities of micro-purchasing do not pose or increase risks for UNDP.

Request for quotation

29. A [request for quotation](#) is used to procure readily available goods, services or works, or any combination thereof. A written request with a clearly described requirement is sent to a vendor, soliciting a written price quotation. A request for quotation is mandatory for contract values ranging from US \$5,000 (\$10,000 if approved by the Bureau) to US \$200,000. Beyond this amount, requests for proposals or invitations to bid must be used.
30. At a minimum, a request for quotations should include specifications, delivery terms and delivery location, among other considerations. It should generate a minimum of three responsive offers. It is best to invite more than three vendors to participate, since some may not provide adequate offers, while others may not submit an offer.
31. Since an advertisement is not required, a request for quotations is best supported by a roster where UNDP can source prospective offerors with an established level of quality and performance. Where no roster exists, the following may be considered as sources of prospective offerors:
 - a. Previous vendors of satisfactory performance
 - b. Vendors referred by other UN agencies
 - c. Trade books and online database that are publicly accessible
 - d. Business directories in printed versions or electronic/web-based resources.
32. Under all circumstances, UNDP General Terms and Conditions for Goods should be attached to the request for quotations.

Determining the best offer

33. At a minimum, quotations from offerors must consist of the price and other commercial terms and conditions. Quotations must be submitted in writing, containing information required in the template provided by UNDP.
34. Competitive offerors are:
 - a. Eligible, in other words, not on the UN's Ineligibility list, the UN/PD list, or the 1267/1989 lists)
 - b. Responsive in complying with specifications, delivery terms, and UNDP terms and conditions

c. Qualified in fully meeting basic selection criteria

35. As a sound basis for establishing value for money, after evaluation of at least three offers, the one with the lowest price should be awarded the contract.
36. Considering that RFQ is an informal method, where the vendor with the second lowest price offers significantly superior quality, and the price is higher by not more than 10 percent, the vendor may be selected if the budget can sufficiently cover the price difference. Superior quality refers to offers that have exceeded pre-determined requirements. It does not apply to features, qualities or characteristics not originally indicated as requirements. Such a decision shall be documented by the requisitioner.
37. A comparative summary and documentations of offers highlighting the extent of compliance with requirements may be prepared by procurement staff. But the final decision on the award must be confirmed by the requisitioner, after which the procurement staff will confirm the purchase.
38. A request for quotations process is considered competitive, even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence to ensure that sourcing was properly conducted, and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.
39. Whenever goods, services or works sourced through a request for quotation are determined to be needed on a repetitive basis, within or over a period exceeding one calendar year, a framework or long-term agreement must be considered and pursued in accordance with the relevant policy. Whenever such goods, services or works are expected to exceed a total value of US \$200,000 in one calendar year, the procurement method should be a request for proposals or an invitation to bid.
40. The accumulation of payments made to a vendor engaged by UNDP through repeated use of requests for quotations shall be monitored by business units with procurement oversight functions. When such cumulative payments reach thresholds that require procurement committee reviews, the case shall be submitted to the relevant committee.

Invitation to bid

41. An invitation to bid is used to procure goods or works valued at US \$200,000 or more. It does not require prospective bidders to specify the manner of production, technical approaches or management/supervision of required activities. The invitation to bid only requests details on costs to meet precise specifications for goods. The method may also be used in procuring construction works or services that can be quantitatively and qualitatively defined.
42. Invitations to bid must be subject to open international competition. As such, they require public advertisement through international media, including print and electronic. At a minimum, the procurement opportunity must be advertised or published on the procurement advertisement pages of both UNDP's corporate website (www.undp.org) and the UN Global Marketplace (www.ungm.org) for a

minimum of two weeks. Further, a direct notification should go to a short list of vendors qualified to meet the requirements, based on sound market research.

43. When a short list of vendors is the sole basis for soliciting bids, adequate justification must be made and kept in the records—such as evidence of a previous advertisement for an expression of interest, or conclusion of a thorough and criteria-based prequalification process within the past 12 months.
44. At the minimum, an invitation to bid shall consist of instructions to bid, detailed requirements (specifications, delivery terms and conditions, selection criteria, etc.), and standard terms and conditions of the contract that will be signed by UNDP with the successful bidder. The rules and requirements of the selection process are defined in [the invitation to bid template](#).
45. Business units may initiate an invitation to bid through a process of prequalifying prospective bidders, prior to actually launching the invitation. Prequalification is recommended when the market is so wide that there might be too many prospective bidders, and UNDP would prefer to award the contract only to those who fully meet or exceed required qualifications. This is highly recommended for procuring construction works, and other complex procurements with high risks.
46. The prequalification document should outline any and all qualifications, including, but not limited to, holding the appropriate licenses, bonds, supply chains, stock and track record of past experiences in similar contracts. Prospective bidders should respond to the prequalification document in writing. The rules and requirements of the prequalification process are defined in the invitation to bid template.

Determining the best offer

47. Bids submitted in response to an invitation to bid should mainly consist of the price and other commercial terms and conditions based on UNDP requirements.
48. Competitive bidders are:
 - a. Eligible, in other words, not on the UN's Ineligibility list, the UN/PD list, or the 1267/1989 lists)
 - b. Responsive in complying with specifications, delivery terms, and UNDP terms and conditions
 - c. Qualified in fully meeting basic selection criteria
49. The evaluation of bids is described in the relevant policy on evaluation of offers. To ensure economy and efficiency, a minimum of three bids should be evaluated. Once a shortlist has been determined, the bidder with the lowest price shall be awarded the contract.
50. An invitation to bid process is considered competitive even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence being done to ensure that sourcing was properly conducted and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.

51. Under certain circumstances, the invitation to bid may be used to establish a framework or long-term agreement. The business unit must make a realistic forecast of requirements, estimated time of need and approximate total contract value.

Request for proposals

52. A request for proposals is used to procure goods, services and works where the inputs and/or outputs cannot be quantitatively and qualitatively defined in sufficient detail at the time of the solicitation, and are valued at US \$200,000 or more. The review process and analysis need to be formal and detailed in order to eliminate risks of subjectivity.
53. Where time and resources allow, or the nature of the requirement warrants, requests for proposal may also be used for procuring goods, services and works valued at less than US \$200,000.
54. Requests for proposal must be subject to open international competition and entail public advertisement through international media. At a minimum, the procurement opportunity must be advertised or published on both UNDP's corporate website (www.undp.org) and the UN Global Marketplace (www.ungm.org) for a minimum of two weeks. Additionally, as a best practice, direct notification should go to a short list of vendors qualified to meet the requirements, based on sound market research.
55. When a short list of vendors is the sole basis for soliciting bids, adequate justification must be made and kept in the records—such as evidence of a previous advertisement for an expression of interest, or conclusion of a thorough and criteria-based prequalification process within the past 12 months.
56. At a minimum, a request for proposals shall consist of instructions to proposers, detailed requirements (terms of reference, selection criteria, etc.), and UNDP Standard Terms and Conditions of the contract that will be signed by UNDP with the successful proposer. Rules and requirements of the selection process are defined in [the request for proposals template](#).
57. Proposals responding to the request should involve two submissions: technical and financial. The first describes how stipulated requirements, specifications, statement of works or terms of reference will be met. All associated costs should be reflected in a separate financial proposal.

Determining the best offer

58. Competitive proposals should be:
 - a. Eligible, in other words, not on the UN's Ineligibility list, the UN/PD list, or the 1267/1989 lists)
 - b. Responsive in complying with the requirements of the terms of reference and so on
 - c. Qualified in fully meeting basic selection criteria

59. The evaluation of proposals that is applicable to the RFP method is described in the relevant policy on evaluation of offers. To ensure economy and efficiency, a minimum of three technical proposals should be evaluated. Upon the technical evaluation, the financial proposals of technically qualified proposers shall be evaluated. Depending on the nature of the requirements, the contract award shall be determined through any of the following methods:
- a. Lowest price offer
 - b. Highest rated proposal using the combined scoring method, which assigns a weight distribution between technical and financial proposals set out in the request for proposals
60. Whenever the second method is used, the distribution of weight between the technical and financial proposals shall be 70 percent and 30 percent, respectively. Proposals whose rating, upon completion of the evaluation of the technical proposal, does not reach the minimum passing threshold of 70 percent shall be declared not responsive and are no longer qualified.
61. Where possible, increasing the weight of the technical proposal beyond 70 percent should be avoided. If some procurement cases require giving technical compliance very high importance, business units must first consider focusing on technical criteria for selection, while avoiding the risk of excessively restricting the competitive field.
62. Under no circumstance should a business unit increase the percentage of the technical proposal to increase the subjectivity of the overall rating. Raising the weight of the technical proposal beyond 70 percent requires a request to the Director of Procurement Services Unit in the Bureau of Management Services prior to publicizing the request for proposals. The request must be supported by proper justification, and it may be approved or rejected

One- or two-stage request for proposal processes

63. In planning a request for proposals, business units must determine whether a one-stage or two-stage approach is best.
64. The one-stage request requires simultaneous submission of technical and financial proposals. UNDP evaluates the technical proposals first, and then the financial proposals from proposers considered technically compliant. Standard request for proposals templates are used for this process.
65. The one-stage request is the preferred approach, and most appropriate for relatively straightforward and standardized services. It shortens the time to complete the selection process and widens the competitive field.
66. In a two-stage process, the first stage requires the business unit to prepare the request for proposals and terms of reference with a general description of functions and performance, without technical details. Proposers submit only a technical proposal, which is then evaluated. UNDP indicates to proposers if anything must be done to make their proposals more technically responsive. At this point, it is very

important that no exchanges of confidential information occur between UNDP and the proposers. Management of the process and flow of information is very critical and sensitive.

67. At the second stage of the process, based on insights from the first stage, the business unit shall inform all proposers of changes made to the request for proposals and terms of reference, and require them to submit a new and final round of technical proposals, along with their financial proposals.
68. When using the two-stage process, sufficient time must be provided to proposers at each stage. Before embarking on this time-intensive and high-risk process, business units must have very sound knowledge of the market. The procurement professionals managing the selection should have a high level of expertise to guarantee the integrity of the process.
69. The two-stage process may be applied only under very exceptional circumstances, when the following conditions have been met:
 - a. The requirements are very complex, involving highly technical goods or services
 - b. An ex-ante case describing the justification and mechanics for the application of this two-stage process has been submitted to, and duly approved by, the Regional Advisory Committee on Procurement or the Advisory Committee on Procurement.
70. A request for proposals process is considered competitive even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence being done to ensure that sourcing was properly conducted and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.
71. Under certain circumstances, the request for proposals may be used to establish a framework or long-term agreement. The business unit must make a realistic forecast of requirements, estimated time of need and approximate total contract value during the duration of the agreement.

Direct contracting

72. Where the cost of undertaking a competitive procurement process outweighs the benefits, there is some scope for applying non-competitive methods, provided certain conditions are met. Non-competitive methods are known as direct, sole source or single source contracting.
73. Per UNDP Financial Rule No. 121.05, any of the following are permissible justifications for direct contracting.

Circumstances allowing direct contracting	Examples
<p>i. Where the value of the procurement is below US \$5,000 (\$10,000 for Micro-purchasing, if approved by the Bureau).</p>	<p>This applies to low-value goods, services or small works, or where the time and transaction costs involved in obtaining two offers is not justified or practical.</p> <p>Where time, circumstances and market conditions allow for a fast and easy generation of at least two quotes, competitive selection using the Micro-Purchasing Canvass Form still remains the recommended process for obtaining value for money.</p>
<p>ii. There is no competitive marketplace for the procurement requirement.</p>	<p>a) Where a monopoly exists.</p> <p>Where there are only two players in the market, it is no longer a monopoly, and comparison between the two suppliers/service providers should still be established.</p> <p>b) Where prices are fixed by national legislation and such fixed prices are in effect at the time of the procurement.</p> <p>Where this situation exists, evidence of such legislation must be put on record each time direct contracting is applied.</p> <p>c) Where the requirements involve a proprietary product or service.</p> <p>Where a proprietary product or service is being procured, it must be established why an equivalent non-proprietary product or service will not meet the requirement.</p>
<p>iii. There has been a previous determination or there is a need for standardization.</p>	<p>Compatibility and consistency with existing equipment, systems or technologies may require a specific brand model or type of goods or technology, whereby any change may have a direct impact on life cycle or sustainability for the end users.</p>
<p>iv. The proposed procurement is a result of cooperation with other organizations within the UN system.</p>	<p>Cooperation with other organizations of the UN system may be pursued to meet the requirements of UNDP, provided that their regulations and rules are consistent with those of UNDP. Such cooperation may comprise:</p> <p>a) Carrying out common procurement actions together; or</p> <p>b) UNDP entering into a contract by relying on a procurement decision of another organization; or</p>

	c) UNDP requesting another UN organization to carry out procurement activities on its behalf.
v. Offers for identical requirements have been obtained competitively within the past 18 months, and the prices and conditions offered remain competitive.	<p>In applying this justification, four minimum conditions must be met:</p> <p>a) The requirements are identical;</p> <p>b) The previous purchase was a result of competitive process;</p> <p>c) The purchase, not the selection process, was made in the past 18 months; and</p> <p>d) Prices and conditions have remained the same in the last 18 months.</p>
vi. A formal solicitation has not produced satisfactory results within a reasonable prior period	<p>a) The 'prior period' refers to the time elapsed since the closing date for submissions of the failed competitive process;</p> <p>b) The length of the 'reasonable prior period' for the applicability of this exception will vary depending on the nature and type of goods, services or works; the market conditions; the likelihood of attracting new suppliers if a re-tender was to be conducted; security and working conditions in the region to which the goods/services/works are to be supplied, and any other factor influencing the decision;</p> <p>c) In applying this justification, adequate market research must be conducted and it must be demonstrated that a re-tender will not yield satisfactory results.</p> <p>d) Under no circumstances must 'reasonable prior period' for the application of this exception exceed six months from the closing date for submissions of the failed competitive process.</p> <p>A detailed summary of the competitive process and its outcome; reasonableness of price and prevalent market rates in the area must be provided in the justification.</p>
vii. The proposed procurement contract is for purchasing or leasing property.	A documented comparative process and value-for-money assessment may be waived if the primary criteria for the selection of the property are security and safety of personnel and assets.
viii. There is a genuine exigency for the requirement.	The term 'genuine exigency' refers to situations where goods or services support emergency interventions and therefore cannot be delayed, as this may result in the imminent loss or endangerment of human lives, or excessive damage to

	<p>valuable properties, or deterrence of basic human needs. This applies during times of natural disaster, epidemics or sudden onset of unforeseen crises.</p> <p>Under no circumstance can 'exigency' be used to justify urgency arising from poor planning, poor oversight or delay in receipt of funding, among other possible circumstances that sound and proactive project management could have avoided.</p> <p>Procurement of goods or services that does not meet the 'genuine exigency' criterion will not be considered for an exception to the competitive process, even if the context is an early recovery programme or project.</p>
ix.	<p>The proposed contract is for relevant services that cannot be objectively evaluated.</p> <p>The goods or services required involve cutting-edge technology, or newly developed/not yet marketed methodologies where no possibility of comparison yet exists.</p>
x.	<p>The Chief Procurement Officer has otherwise determined that formal solicitation will not yield satisfactory results.</p> <p>Documentation of the Chief Procurement Officer to this effect must be on record.</p>

74. Although the direct contracting modality waives the competitive process, this method does not diminish the responsibilities and accountabilities of procurement staff. Under direct contracting, a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at an acceptable price, obtained either through informal solicitation or negotiations.

75. The following necessary and basic procurement actions shall therefore still be required:

- a. Providing specifications, terms of reference or a statement of works
- b. Soliciting a proposal or bid through a letter from UNDP directly requesting the selected vendor to submit an offer based on the specifications, terms of reference or statement of works
- c. Subjecting the proposal or bid to review and rating by an evaluation team
- d. Using UNDP standard contract forms and applying UNDP General Terms and Conditions

76. Since there is no competition, formal solicitation documents, such as a request for proposal, invitation to bid, etc., are not necessary.

77. At a minimum, and whenever the procurement amount exceeds US \$5,000 (\$10,000 if approved by the Bureau), the following documents shall also be on kept on record to support the direct contracting decision:

- a. A proper rationalization or justification for why the direct contracting mode is being applied, including citation of any adverse consequences of pursuing a competitive method
- b. An analysis of all risks, and how the quality of outputs or results can remain assured despite waiving competition
- c. An assessment of how and why the principle of best value for money has been achieved

Combined and/or complex procurement requirements

78. Given the broad mandate of UNDP, and the constantly changing demands of partners and stakeholders in the field, there are situations when a procurement requirement cannot be easily determined as a pure procurement of goods, services or works. Many requirements may consist of a combination of any two or all of these. Such combined requirements can further be complicated when they are high value, are highly technical in nature or call for expertise beyond UNDP's capacity.

79. The following guidance helps define the selection of a procurement method in these cases:

- a. Where services are higher in cost in the total contract than goods or works, the request for proposal method should be used.
- b. Where goods or works are higher in cost in the total contract than services, the invitation to bid method should be used.
- c. Where goods or works, or alternatively services are critical, where any slight deviation may pose a high risk to UNDP or unwanted outcome, the invitation to bid or request for proposal method should be used, respectively. The risk assessment is expected to vary from one market and/or operating environment to another, and business units are expected to factor all such issues into their analysis.
- d. Where business units are uncertain of how best to apply the above guidance, they should seek the advice of the Procurement Services Unit in the Bureau of Management, including through submitting the full details of the specifications, terms of reference or statement of works.
- e. Where the total contract value is expected to exceed US \$1 million, and the requirement is complex, an ex-ante submission of the planned procurement strategy to the Advisory Committee on Procurement is mandatory, as further detailed in the chapter on [Procurement Oversight and Procurement Review Committees](#), which also provides exemptions from the need to submit for ex-ante review for successful previous experience and repetitive country specific LTAs.
- f. Where the total contract value is less than US \$1 million, but the requirement is complex—as well as one that the business unit has not done before and where it seeks to minimize risks—the business unit may submit the case to the Advisory Committee on Procurement for review.

Evaluation of Offers

Contents

Evaluation and Comparison of Offers	2
Evaluation Criteria.....	2
Financial Requirements	3
Evaluation Methodologies	4
Evaluation Process	9

1. Once a solicitation method and a forum for competition has been determined and tender documents distributed to potential Offerors, a Business Unit must ensure that adequate controls are in place for the evaluation of offers, which must be conducted in a manner that is fully consistent with the rules defined in the solicitation document distributed to the Offerors. Regardless of how effective each phase of the procurement process is executed, if the offers - quotations, bids or proposals - are not evaluated in a fair and transparent manner, the overall process fails and risks to UNDP are unnecessarily created.
2. The purpose of conducting evaluation in accordance to UNDP principles is to ensure that UNDP awards the contract only to the most qualified and responsive offer which provides UNDP with the best value for money.

Evaluation and Comparison of Offers

3. Evaluation is the process of assessing offers and submitted proposals in accordance with established evaluation methodology and criteria, with the goal of obtaining the best value for money. The process needs to be conducted in a fair and transparent manner to ensure equal treatment of all bidders/proposers.
4. The evaluation methodology and evaluation criteria must be clearly defined and specified with details in the solicitation documents, and shall not modified in a manner that will lead to unfair treatment of any one or all of the offerors. No further changes to such criteria communicated to the bidders/proposers can be changed after bids/proposals have been received.

Evaluation Criteria

5. Evaluation criteria, developed according to the needs of the program or project, shall be included in the solicitation documents, and are normally divided into three (3) main categories:
 - a. Administrative requirements
 - b. Technical requirements
 - c. Financial Requirements

Administrative Requirements

6. Submitted offers will be reviewed to determine compliance with any formal criteria/ requirement included in the solicitation documents. Examples of formal requirements may include, but are not limited to, the following:
 - a. Offers must be submitted within the stipulated deadline
 - b. Offers must include required securities
 - c. Offers must meet required Offer Validity
 - d. Offers have been signed by the proper authority
 - e. Offers include requested company documentation, including documentation regarding the company's legal status and registration
 - f. Offers must comply with general administrative requirements

7. For purposes of consistency, a prescribed template for the determination of compliance with administrative requirements has been developed by Procurement Support Unit (PSU), Bureau for Management Services (BMS) [here](#).

Technical Requirements

8. Technical criteria will cover three (3) general areas, namely : (a) the criteria related to a company's capacities and capabilities; (b) the criteria related to the degree of compliance of the goods, services and works to be delivered against the requirements; and, where services are required, (c) the criteria related to the expertise and capabilities of the specific individuals who will be performing any or all of the services to UNDP, either as the main scope or a mere sub-component of the UNDP requirements. The evaluation criteria must be directly derived from the specifications, TOR or SOW.
9. Depending on the nature and the complexity of the requirements, technical evaluation criteria may be general (few) or detailed (multiple) Nevertheless, they should always be sufficient to guide the evaluation team in judging fairly and accurately the offers received, and lead them to the identification of the best offer.
10. Depending on the selected approach, technical criteria shall be evaluated either based on a compliance/non-compliance (pass/fail), typically applied to ITBs and RFQs, or on a weighted scoring system (rating by numerical points), typically used for RFPs.
11. Examples of technical criteria are, and need not be limited to, the following:
 - a. Previous experience in undertaking similar projects;
 - b. Track record and working knowledge of a particular region or the country;
 - c. Manufacturing capacity (goods) and competences and capabilities (for services and works);
 - d. Ability to provide after-sales services and/or technical support;
 - e. Delivery time within strict timelines or defined parameters, particularly in cases of emergency; procurement where delivery (for goods) or completion period (for services and works) is critical and the slightest delay may lead to loss of lives or valuable assets;
 - f. Certification of compliance to national and internationally known and accepted quality standards (e.g., ISO, ECC, etc.);
 - g. Low life-cycle cost or total cost of ownership;
 - h. Highly qualified individuals and experts to perform the services required;
 - i. Responsiveness of bids/offers to specifications, TOR or SOW.

Financial Requirements

12. Price is an important factor in the evaluation process. However, the treatment of the price and how it impacts the final selection of the best offer will depend on the selected evaluation methodology.

Evaluation Methodologies

13. The evaluation methodologies and basis for awarding corresponding to the different procurement methods are as follows:

a. Evaluation of quotations (Micropurchasing / Request for quotations)

Upon canvassing or the receipt of quotations, the offers should be summarized in the form of a comparative matrix of quotations, highlighting the criteria and/or specifications/TOR/SOW, against how each of the offeror meets them point by point. The quotes shall then be assessed initially by the procurement staff that received the quotes, who shall then make a recommendation to the requisitioner, based on his/her findings that applies the appropriate evaluation methodology.

The requisitioner shall then review the quotes and determines the acceptance or non-acceptance of the recommendations of the procurement staff. Where the recommendation is not accepted, the requisitioner shall discuss with the procurement staff until a final agreement is reached, in a manner that is based on procurement principles and policies. If the offer finally selected by the requisitioner is different from the one recommended by the procurement staff, the mutually agreed policy-based justification shall be documented in the matrix of quotations, which shall then be approved by the Project Manager.

All canvas/quotations should be evaluated against the minimum selection criteria to determine the following: (1) if the goods, simple works or services offered conform to pre-defined criteria, and (2) if the offeror is one that is reliable and can fulfill the offer submitted to UNDP.

The evaluation should consider the following factors:

- i. conformity to specifications;
- ii. product quality (e.g., conformity to national/international product standards);
- iii. acceptability of delivery time and terms;
- iv. full compliance with UNDP General Terms and Conditions;
- v. acceptability of warranty duration and conditions (where applicable);
- vi. sufficiency of after-sales services (where applicable);
- vii. the landed price does not exceed the budget ceiling for the goods required;
- viii. acceptable payment terms and are within what payment policies allow; and
- ix. Others as may be necessary as per the nature of the requirement.

b. Basis for Award.

Micropurchasing and RFQs are reviewed based on a non-discretionary “pass/fail” method only. The lowest-priced offer among the technically compliant/responsive offers must be selected. Where the second lowest price among the responsive offers is found to be significantly more superior, and the price is higher than the lowest price compliant offer by not more than 10%, then the second lowest price may be selected, but only if the

budget can sufficiently cover the price difference (hereinafter “10% difference rule”). The term “more superior” as used in this provision shall refer to offers that have exceeded the pre-determined requirements established in the Micropurchasing or RFQ, and does not apply to offers containing features, qualities or characteristics that may be more superior but were not originally indicated as a requirement in the original specification, nor was such feature stated as a criteria for an award.

c. Evaluation of Bids (Invitation to Bid)

Upon the receipt and opening of bids, they shall be evaluated by an evaluation team created and appointed by the Business Unit.

UNDP will conduct the evaluation solely on the basis of the Bids received.

Evaluation of Bids shall be undertaken in the following steps:

- a) Preliminary Examination including Eligibility
- b) Arithmetical check and ranking of bidders who passed preliminary examination by price.
- c) Qualification assessment (if pre-qualification was not done)
- d) Evaluation of Technical Bids
- e) Evaluation of prices

Detailed evaluation will be focused on the 3 - 5 lowest priced bids. Further higher priced bids shall be added for evaluation if necessary.

All bids must be evaluated against the criteria stipulated in the solicitation documents. Hence, it is important that the evaluation method and evaluation criteria must be established and clearly stated in the solicitation documents before an ITB is released to prospective bidders.

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

The bid evaluation should consider the following factors:

- i. conformity to specifications or statement of works;
- ii. product and services quality (i.e., conformity to national/international standards);
- iii. acceptability of the delivery/completion time and terms;
- iv. compliance with UNDP General Terms and Conditions;
- v. acceptability of warranty duration and conditions (where applicable);

- vi. sufficiency of after-sales services/defects liability and period/performance guarantees;
- vii. spare part(s) and technical support availability and accessibility for a required period;
- viii. technical and financial capacity and reliability of the offeror to fulfill the requirements as committed;
- ix. the landed price does not exceed the budget ceiling for the goods/services required;
- x. acceptable payment terms and are within what payment policies allow; and
- xi. Others as may be necessary as per the nature of the requirement.

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

d. Basis for Award.

ITBs are reviewed based on a non-discretionary “pass/fail” method only. ITBs must not use the point system of rating offers or the cumulative analysis method that are typically used for RFPs. Only bids offering goods, civil works or services with the characteristics meeting or exceeding those defined in the ITB (i.e., rated “pass”) and fall within the 3-5 lowest priced bids (further higher priced bids shall be added for evaluation if necessary) shall be considered acceptable and responsive or compliant. The lowest-priced offer among the technically compliant/responsive offers must be selected. The “10% difference rule” described above for Micro-purchasing and RFQs does not apply to ITBs.

e. Evaluation of Proposals (Request for Proposals)

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

Proposals are evaluated based on how well Proposers have understood the TOR and addressed it in their proposal, and how capable they are of delivering the expected results. Hence proposers must present a proposal (a “solution”) to meet the needs that have been defined through the TOR or SOW.

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

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

- i. Company and organizational criteria – This category may include sub-criteria such as company background information, financial strength, experience in related

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

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

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

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

a) Evaluated Criteria or Sub-criteria	b) Supporting evidences	c) Example Scoring Scale System	d) Example for a sub- category with a total score of 10 points.
Excellent	Requirements submitted and supported by excellent evidence of ability to support and exceed contract requirements	100%	10
Good	Requirements submitted and supported by good evidence of ability to support and exceed contract requirements	90%	9
Satisfactory	Requirements submitted and supported by satisfactory evidence of ability to support contract requirements	70%	7
Poor	Requirements submitted and supported by marginally acceptable or weak evidence of ability to support contract requirement (Clarification may be required)	40%	4

Very poor	Requirements submitted but not supported by evidence to demonstrate ability to comply with contract requirements	10%	1
No submission	Information has not been submitted or is unacceptable	0%	0

14. In cases where proposers need to meet any mandatory criteria (pass/or fail criteria), such criteria will need to be identified in advance and included in the solicitation documents with a clear indication that failure to comply with these criteria will constitute grounds for disqualification.
15. RFPs are received in two separate envelopes (i.e., technical and financial). The evaluation team must first open the technical proposal, followed by the financial proposal. Financial proposals are not to be opened until the conclusion of the technical evaluation and then only for those proposals that are deemed qualified and responsive.
16. An offer should be considered qualified and responsive if it receives a score of at least 70% on the technical proposal. Any offer that does not meet this requirement must be rejected as being non-responsive, and the financial proposal shall be returned to the supplier unopened, accompanied by a letter.
17. Two modalities are possible in evaluating Financial Proposals in RFPs. They are as follows:
- a. **Lowest-priced among technically compliant offer (point system with a minimum threshold).** The financial proposal of only those offerors obtaining the minimum 70% score during technical evaluation should be opened. The remaining financial proposals of offerors whose technical proposals are deemed unqualified and non-responsive shall be remain unopened. The contract will be award to the company meeting the minimum 70% score in the technical evaluation and offering the lowest price.
 - b. **Cumulative Analysis.** Under the cumulative analysis scheme, a total score is obtained upon the combination of weighted technical and financial attributes. An offeror's response to the solicitation document is evaluated and points are attributed based on how well the offer meet the defined desirable criteria. Cost under this method of analysis is rendered as an award criterion, which should not be less than 30% of all the desirable factors of the RFP. The weight of financial proposals should take into account the complexity of the assignment and its relative proportion to quality. The designated weightings of both the technical and financial proposals should be specified in the RFP at the time of solicitation.
18. In this methodology, the maximum number of points assigned to the financial proposal is allocated to the lowest price proposal. All other price proposals receive points in inverse proportion. A suggested formula is as follows:

$$p = y (\mu/z)$$

Where:

p = points for the financial proposal being evaluated

y = maximum number of points for the financial proposal

μ = price of the lowest priced proposal
 z = price of the proposal being evaluated

19. The proposal obtaining the overall highest score after adding the score of the technical proposal and the financial proposal is the proposal that offers best value for money and should be selected for the award.

Evaluation Process

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

21. The evaluation process includes the following steps:

- a. Establishment of an evaluation team
- b. Receipt of opening report
- c. Preliminary examination of offers
- d. Technical evaluation (In the case of RFPs, the process requires completion of technical evaluation report and opening of financial offers. In the case of ITBs, the technical and the financial proposals are reviewed together)
- e. Financial evaluation (see note above)
- f. Obtaining Clarifications (if required and justified)
- g. Preparation and Submission of Evaluation report (to Procurement Review Committees where required)
- h. Negotiation (if applicable or justified)
- i. Background checks (if required)

a. Creation of the Evaluation Team

In order to examine and evaluate offers, an evaluation team must be constituted, which shall consist of two (2) to five (5) staff members depending on the nature, complexity and value of the procurement activity, or the range of expertise needed to complete a comprehensive and thorough review of the offers.

For the Micropurchasing or RFQ methods, a team of two (2) members, including the procurement staff submitting a recommendation to the requisitioner, is sufficient to constitute an evaluation team. For RFP and ITB, a minimum of three (3) members, including the Chairperson but excluding the Secretary, should be created.

The evaluation team shall be appointed by the Operations Manager or Head of the Procurement Team, whichever has been delegated the authority to do so in a Business Unit, and for as long as the process of selecting the evaluation team members is free from any potential conflict of interest, and are based solely on the technical qualification of the members to perform an objective assessment and independent judgement of the offers. The

staff appointing the members of the evaluation team may consult the requisitioner on the identification of potential members that meet the above qualifications.

The evaluation team should be chaired by an experienced individual capable of offering varied perspectives and sound analytical support to the RR or Head of the Business Unit. The chairperson shall perform a facilitative role in the team. The evaluation team is a collegial body that shall, at all times, endeavor to achieve a consensus in their final decision. Where a consensus cannot be achieved despite all efforts, a simple majority vote may be called by the Chairperson to settle an issue or disagreement. Once a final decision is achieved, the members shall uphold the final decision achieved by the body.

In selecting the members of the evaluation team, the type and nature of requirement being procured out should be considered. In particularly complex procurement cases, such as those fields of endeavor where UNDP has no internal expertise, an external expert may be included to assist in the evaluation process as one of the team members. Such an expert must be engaged by UNDP temporarily on an Individual Contract or RLA, for purposes of ensuring loyalty to the interest of UNDP. If such expertise is available within the UN system, the BU shall arrange the most appropriate engagement that is acceptable and agreeable to both UNDP and the UN agency employing the expert, keeping in mind the UN policies and ICSC rules governing the individual.

Where an external expert needs to be engaged, it is important and critical to identify the expert and ensure his/her involvement very early in the process (i.e., during the planning stage, writing of the specifications, etc.). Where testing, commissioning, and other actions beyond evaluation of offers are required, it is also recommended that the same expert be used to provide independent and technical guidance to the BU. BUs must always ensure that such external experts are fully cleared of any affiliation or interest with any of the offerors, before, during, or after their involvement in the evaluation of offers.

Representatives from the funding source of the project, the client organization, or national project implementing partners may participate in the evaluation process, provided they are only present as observers. Nevertheless, if any such institutions requests participation as a full evaluation team member (i.e., with voting rights), the request shall be cleared directly by the Operations Manager or the Head of the Procurement Unit, and UNDP shall maintain the majority vote in the team at all times. If the Operations Manager/Head of the Unit authorizes participation of non-UNDP personnel as a full member, considerations shall be taken to ensure that UNDP staff members selected for the evaluation team are equal in seniority and constituting the majority of the evaluation team. When determining the number of members constituting the majority of the evaluation team, external experts selected and engaged by UNDP to supplement its technical capacity shall be counted as part of UNDP.

All Evaluation Team members, including external experts, must be instructed to immediately indicate if they are in a potential conflict of interest situation with one of the suppliers (e.g., owing shares in the supplier's company, familiar relationship with suppliers, etc.). All observers or participants in the evaluation team who are non-UNDP staff must sign a

Declaration of Impartiality to formalize their commitment to ensure confidentiality and non-conflict of interest.

The work of the evaluation team is strictly confidential and information about submissions or bids/proposals shall not be publicly revealed. It shall not and need not be reported to the Government where the project is being implemented, nor to anyone outside of UNDP, except when clearance has been obtained from the appropriate bodies in UNDP Headquarters.

b. Opening of bids or proposals

When bids/proposals for contracts expected to exceed US\$ 200,000 have been obtained as a result of an ITB/RFP, such bids/proposals should be opened publicly at the time and place specified in the ITB/RFP. UNDP recommends the opening of bids/proposals to be held on the same day as the deadline for receipt of offers. Only those offerors who have submitted bids/proposals may attend the bid/proposal opening. However, the bidder/proposer may authorize a local agent or the concerned Embassy as their representative.

Names of all attendees shall be recorded and representatives must sign the attendance record. All duly received bids/proposals should be accompanied by an abstract indicating the following:

- i. offeror's name and place of business;
- ii. bid/proposal price and currency;
- iii. price of alternate bids/proposals, if any; and
- iv. bid/proposal security, if requested.

The aforementioned information should be recorded on a suitable form signed by the Bid/Proposal Opening Committee conducting the opening, as well as appropriate witnesses. The Bid/Proposal Opening Committee shall be an ad hoc team formed by the Operations Manager or the Head of Procurement Team, for purposes of witnessing the fairness and transparency of the Bid/Proposal opening process. Where possible, it is best to form such Bid/Proposal Opening Committee from the pool of local CAP Committee members.

In the case of RFPs, a public opening of proposals received is not necessary, as financial proposals may not be opened without the completion of a technical evaluation.

Where offerors have submitted more than one bid or proposal, the offeror must clearly indicate which tender to consider. Where this is not evident, the bid or proposal that provides the most advantageous terms to UNDP will be considered.

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

c. Preliminary examination of bids/proposals

The preliminary examination of bids or proposals determines whether the offers meet the basic procedural and administrative requirements defined in the solicitation documents. The

preliminary examination process should include checking of compliance on the formal requirements of the ITB/RFP. The template recommended to be used for conducting this is available in this [link](#).

The purpose of such an examination is to eliminate unsatisfactory offers (those that fail to meet minimum standards of acceptability, and are thus can be immediately deemed unresponsive) from undergoing further evaluation and more detailed assessment which is not only time-intensive but also expensive in terms of cost of time of staff and experts involved in the evaluation process.

However, the evaluation team must always exercise reasonable judgment in conducting the preliminary examination and avoid unwarranted rejection of bids/proposals for purely trivial or procedural grounds that are not substantive, and could only lead to a vendor protest. Examples of these include submitting one more or less of the copies requested in the solicitation documents, or not submitting the offer in the form supplied in the ITB/RFP but providing a similar one with complete information. The evaluation team should be able to judge whether or not a deviation is a matter of form or substance, and whether or not it should not constitute grounds for disqualification or rejection of bids/proposals. Nonetheless, any such minor or major deviations or discrepancies should be recorded in the evaluation report.

A preliminary examination may include correction of arithmetic errors. The evaluation team should carefully review offers to identify potential arithmetic error and to ensure consistency of quantities and prices. Quantities should be the same as stated in the RFP/ITB. The total price per line item should be the result of multiplying the quantity by the unitary price. In cases of discrepancy, unitary price shall prevail in the recalculation. Priced spelled out in words shall prevail over numeric prices in cases of discrepancy. The evaluation team should correct all arithmetic errors and inform each offeror of changes, if applicable. An offeror must accept such arithmetic corrections or the bid/proposal in question will be rejected.

An offer that is eligible for the detailed evaluation is one that passes/satisfies the requirements of the preliminary examination stage.

d. Technical evaluation

Once the preliminary evaluation has been concluded, offers are thoroughly evaluated against technical evaluation criteria, in order to determine whether they are compliant or non-compliant either through a non-discretionary “pass/fail” criteria, or through a weighting system, depending on the methodology defined in the ITB/RFP.

A substantially responsive offer is one that conforms to ALL the requirements, terms, conditions and specifications indicated in the solicitation documents, without material deviations, modifications or reservations.

In some circumstances, offers may be found to materially deviate from requirement or criteria stipulated in the ITB/RFP. Such deviations may be consider “major/significant” or “minor/non-significant”. A deviation is considered “Major/Significant” deviations if they:

- i. Affect the scope and quality of the contract;
- ii. Limit UNDP rights or offerors' obligations;
- iii. Unfairly impacts the competitive position of other offerors.

A bid/proposal that is “substantially responsive” but has minor technical deviations should be retained for a more detailed evaluation and should not be rejected. For example, a bid offering goods with minor deviations from the technical specifications which do not affect the suitability of the goods for the intended use should not be rejected. The minor deviations are unlikely to have a negative impact in the project implementation.

On the other hand, a bid/proposal that does not accept the UNDP General Terms and Conditions of Contract cannot be considered as a “substantially responsive offer”. Regardless of the procurement method used, the UNDP General Term and Conditions should not be modified, amend or deleted. Only under very specific circumstances (e.g., in cases of high risk/highly complex contracts) may modifications and/or additions to the UNDP standard contract formats be considered. In these cases, prior approval must be obtained from PSO and LSO and the appropriate legal resources should be identified to enact the revision.

e. Financial evaluation

Financial evaluation is the process of comparing offers against the total budget of the requisitioner, as well as other financial criteria defined in the solicitation documents.

When evaluating ITBs or RFQs for goods, price comparison should be done based on landed price, including transportation and insurance. For RFPs, any of the 2 methods of financial evaluation discussed in the preceding section may be applied.

In defining the project’s needs, it is important that all relevant cost components have been identified as early as the stage of writing the requirements/specifications/TORs/SOWs. This allows for a financial evaluation that is based on actual market prices, and on the total cost of ownership (including spare parts, consumption, installation, commissioning, training, special packaging, etc.).

Finally, in order to facilitate the comparison and financial evaluation process, it is important to always analyze the breakdown of the cost components submitted along the financial proposal. This is particularly essential in the case of RFPs, or when ITBs include a significant amount of related services.

f. Clarifications from suppliers

In principle, offers are evaluated based on the information submitted by the offeror. However, in some cases, the evaluation team will require clarification from offeror after offers have been submitted and evaluated. The objectives of these clarifications are merely to explain some aspects of the offer that were not immediately clear to the evaluation panel. Under no circumstances should this event be wrongly used by the offerors to delete, add or modify the original offer they submitted, nor should the evaluation team request for or allow such actions

from the offerors. Evaluation team members are expected to be able to assess whether or not such an effort is being subtly or deliberately done by the offeror.

Clarifications requested by the evaluation team are allowed solely to contribute to the team's full understanding the offer. The most suitable way of requesting clarifications is through written correspondence, requiring written responses, and a deadline for the provision of such clarifications should be provided when communicating with offerors. All such correspondence should be recorded in the project's procurement records.

g. Due diligence

Upon the conclusion of the qualification and technical evaluation, a physical validation or verification of the information/documents evaluated at those stages shall be conducted as part of the quality assurance measures.

As a final and mandatory step, the evaluation team shall conduct a background check of the identified best offer. The process should be properly documented and completed prior to recommendation for award.

Although it is always necessary to conduct a background check, the extent of the check will depend on the complexity, associated risk and budget for the procurement activity.

The following aspects and actions may be considered in conducting due diligence:

- i. Verification and validation of accuracy, correctness and authenticity of legal, technical and financial documents submitted;
- ii. Inquiry and reference checking with Government entities with jurisdiction on the offeror, or any other entity that may have done business with the offeror;
- iii. Physical inspection of the offeror's plant, factory, branches or other places where business transpires, with or without notice to the offeror;
- iv. Testing and sampling of completed goods similar to the requirements of UNDP, where available (if ITB); and
- v. Other means that UNDP may deem appropriate, at any stage within the selection process, prior to awarding the contract.

In contracts of 200,000 USD or more, at least three (3) references for past contracts must be obtained and checked. Where UNDP is aware of other references outside of the list provided by the offeror, UNDP may exercise its rights to conduct verification and checking with such entities.

In all cases, the Business Unit shall verify the selected company's legal mandate (i.e., if they are authorized to be involved in the business activity, etc.) and financial strength (i.e., do they have the resources to make advances and complete the contract).

Moreover, for contracts of 1 million USD or more, it is mandatory to obtain third party reference checks from credit rating and reporting agencies. For such high-value contracts and/or in cases involving technically complex procurement cases, the Business Unit shall

contact credit rating and reporting agencies (i.e., Dunn and Bradstreet, Moody's Investor Services) for reports on the company's production facilities, financial and management status.

h. Evaluation Report

An evaluation report documenting the evaluation process shall be prepared for RFQs, ITBs and RFPs, as well as cases of direct contracting. For this purpose, the following evaluation reporting templates have been created:

- i. [Evaluation Reporting Template for RFQs;](#)
- ii. [Evaluation Reporting Template for RFP/ITB;](#)
- iii. [Evaluation Reporting Template for Direct Contracting.](#)

i. Cancelling the ITB/RFP

Where sufficient justification exists and has been established, UNDP may decide to cancel the ITB/RFP procedure at any stage. Some of the possible reasons for such cancellation may include the following:

- i. The selection process has been unsuccessful, i.e. no qualitatively or financially worthwhile offer has been received or there is no response from the market despite the reasonable period of time of advertisement or sufficient number of direct invitations circulated;
- ii. The technical requirements or financial condition of the project have been fundamentally altered;
- iii. Exceptional circumstances or force majeure have rendered the initiation of the contract impossible or infeasible;
- iv. All of the responsive offer significantly exceeded UNDP's price estimation and the financial resources available for the contract, and a budget adjustment is infeasible;
- v. There have been irregularities in the procedure, in particular where there is failure in achieving transparency of the process or fair competition among offerors, that proceeding will only pose reputational risks for UNDP.

In the event of such cancellation of ITB/RFP process, offerors must be notified of the cancellation by the UNDP, without obligation on the part of UNDP to explain the rationale for the cancellation. Such offerors shall not be entitled to any compensation whatsoever. When the tender procedure is cancelled before the envelopes are opened, the unopened and sealed envelopes must be returned to the respective offerors.

Notwithstanding, UNDP business units must be aware that any cancellation of a procurement process undermines UNDP's credibility and its status as a buyer of goods and services. UNDP should make proper use of tools such as procurement planning, market research or stakeholder management, in order to avoid as much as possible the need for cancellation of procurement process. Structure Element - Templates and Forms

Individual Contract Policy

Contents

Transition Measures	4
General Principles	4
Purpose of IC.....	5
Correct Use of the Individual Contract	5
Incorrect Use of the Individual Contract.....	6
Nature of IC Services.....	8
Policy Delegation of Authority to Issue an Individual Contract	8
Overall delegated authority	8
Delegation of procurement authority (DPA)	8
Limits of delegated authority.....	8
Daily fee	8
Supplemental guidance: strategic options for countries with high consulting costs	9
Duration	10
Supplemental guidance:	11
Procurement Review Committees	11
Contract, asset and procurement committee	11
Regional advisory committee on procurement and advisory committee on procurement.....	11
Computing cumulative contract amounts	12
Pre-requisites for Contracting.....	13
Before issuing a contract	13
Determining the individual contractor’s fee.....	14
Lump sum contracts.....	14
Contracts based on a daily fee.....	15
Determining payment rates.....	16
Monthly equal payment rates	17
Selection and Engagement of an Individual Contractor	17
Overview of the selection process based on contract amounts.....	17
Selection process	18

Sourcing of candidates.....	18
Supplemental guidance:	19
If the assignment is advertised	19
Receiving offers.....	20
Evaluation method.....	20
Pre-evaluation Stage.....	21
Evaluation Method	21
Interview Stage (if applicable)	22
Supplemental Guidance:.....	22
Reference Checking	23
Negotiations and clarifications	24
Award.....	24
Direct Contracting.....	24
Engaging Government Officials, Former UN Staff and Close Relatives of UN Staff.....	25
Engagement of Government Officials and Employees	25
Engagement of Former or Retired UN Staff Members	26
Conditions for engaging former or retired UN staff members	26
Supplemental Guidance:.....	26
Determining fees of former staff members.....	26
Restrictions concerning former staff members in receipt of a pension benefit	26
Engaging Close Relatives of UN Staff Members.....	27
Engaging Current Individual Contractors from Other UNDP Business Units	27
Supplemental Guidance:.....	28
Prohibition on the Engagement of UN/UNDP Staff	28
Issuance of an Individual Contract.....	28
Reimbursable Loan Agreement	29
Supplemental Guidance:.....	29
a. Individual Contract as Framework Agreement	30
b. Supplemental Guidance:.....	30
c. Commencement of Services	31
The commencement of work, travel or payment of fees are not permitted before an individual contract is signed by both UNDP and the contractor. Engagement of individual contractors on a	

retroactive basis is not permitted under any circumstance. Strict compliance with this requirement safeguards the interests of both UNDP and the individuals concerned.....	31
d. Post-facto Contracts.....	31
Legal Status, Rights and Obligations of an Individual Contractor.....	31
Prohibition of Sexual Exploitation and Abuse.....	32
No Employer/Employee Relationship.....	32
Security Plan.....	32
Individual Contractor’s Rights and Obligations.....	33
Title Rights.....	34
Information Disclosure.....	34
Management and Administration of Individual Contracts	34
Electronic administration of individual contracts.....	34
Payment and performance evaluation	34
Amendment of an individual contract	35
Pay rate on contract extension	36
Establishing a contractor roster	36
Populating a roster.....	36
Sourcing from rosters	37
Supplemental Guidance:.....	37
Pre-approved rosters	37
Administration of Travel of Individual Contractors	38
Travel modes for individual contractors.....	38
Budgeting for travel	38
Travel expenses.....	39
Negotiations for unforeseen air travel and living allowances	39
Visa and travel documents.....	39
Security clearance	40
Statement of medical fitness for work	40
Inoculations/vaccinations	40
Service-incurred death, injury or illness	41
Supplemental Guidance:.....	41
Malicious acts insurance policy.....	41

Breach, Termination and Dispute Settlement	41
Breach of an individual contract	41
Termination of an individual contract	42
Settlement of disputes.....	42
Roles and Responsibilities.....	43

Transition Measures

Updates on the IC Policy in view of the launch of the IPSA/NPSA Policy.

UNDP:

The I-PSA and the N-PSA will replace **all** international and local ICs as of 31 March 2022 (extended from 31 December 2021), except those which are of lumpsum deliverable-based arrangements. After this date, the use of ICs will be restricted to **lump-sum deliverable-based arrangements only**.

Other UN Agencies:

The IC policy is still available in its current form, covering both daily and lump-sum based ICs; for use by all other UN Agencies until 31 December 2022.

General Principles

1. The Individual Contract modality is used for the procurement of **services of an individual to perform time-bound and non-staff tasks aimed at delivering clear and quantifiable outputs** which must be clearly identified in the contract and directly linked to payment.
2. The engagement of individuals as Contractors under the Individual Contract modality is subject to the general procurement principles established by the UNDP Financial Rules and Regulations (Article 21, Regulation 21.02), namely:
 - a. Best value for money, which is understood as acquiring the best personal services at the most competitive rates for a particular skill, reflective of local and current market conditions.
 - b. Fairness, integrity and transparency, with selection and management processes that are based on the UNDP Financial Regulations and Rules as well as UNDP procedures more generally, and that ensure that business units are accountable for the proper use of the Individual Contract modality and its results, and that decisions are made in an open manner.
 - c. Effective international competition, meaning that Individual Contracts must be awarded through a competitive selection process amongst skilled and highly qualified individuals; and
 - d. The interests of UNDP and the United Nations.

3. In consideration of the above, any issue that may arise when procuring individual contractors, or managing Individual Contracts, which is not specifically addressed by this policy shall be guided by, and interpreted based on, the contents of the Contracts and Procurement section of the Programme & Operations Policies and Procedures (POPP) of UNDP, and the standards of best procurement practices. This policy shall serve as the governing framework for the two (2) legal instruments used to engage the services of individuals, namely: (a) Individual Contract; and (b) Reimbursable Loan Agreement.

Purpose of IC

4. In order to procure services through an IC, the requesting Business Unit must first ensure that the IC is the most appropriate contractual modality for the requirement.

Individual Contractors should be engaged through ICs when:

- a. the qualifications and experience of the individual is the predominant factor in ensuring the successful delivery of an output;
 - b. the individual alone can perform the demands of the TOR without need for any form of corporate back-up support or other types of supporting experts in order to deliver the outputs specified in the TOR; and
 - c. a multi-disciplinary approach to performing an assignment is not necessary.
5. On the other hand, whenever an assignment requires integration of technical work and collective inputs from more than one (1) field of expertise in order to deliver an output, the use of IC is not the most appropriate approach. Engaging a legal entity, such as a consulting firm, is the better approach, especially when the nature or setting of the work is subject to significant risk.

Correct Use of the Individual Contract

6. The IC modality is used for the following circumstances:
 - a. The required services cannot be provided by utilizing the existing staff resources due to lack of internal specialized knowledge and/or expertise;
 - b. The assignment is results-oriented and can be completed, either within or outside of the UNDP premises, within a defined period of time, and the payments are directly linked to deliverables/outputs;
 - c. The assignment requires the performance of duties that are not normally performed by a UNDP staff (non-staff duties);
 - d. As an exceptional temporary stop-gap capacity support measure intended to assist a staff who has been designated to take on additional functions as a result of the temporary absence of another staff who goes on any form of leave¹, but such use of IC shall be limited

¹ To illustrate this, if Staff A is on leave, Staff B must be designated as the temporary substitute for the duties of Staff A. An IC may be engaged to support Staff B in the performance of his/her temporarily expanded functions/duties, except for those that are solely intended to be performed only by "staff" as per UNDP policies.

only to a period of three (3) months, and the work must be without fiduciary duties or other responsibilities intended to be performed only by individuals on staff status.

Incorrect Use of the Individual Contract

7. **The UNDP manager who approves the Individual Contract shall be accountable for its proper use.** Under no circumstances shall an IC be used for functions normally performed by a staff, nor should it be used to replace a staff member who is on any form of absence for any period of time. These functions should be carried out under staff contracts such as the Temporary Appointment (TA) or the Fixed Term Appointment (FTA).
8. More specifically, Individual Contracts shall not be used for any of the following purposes:
 - a. To perform staff functions related to programmes, projects, operations, or any other areas of UNDP activities;
 - b. As a stop-gap measure intended to fill up or temporarily replace posts that are required to perform staff functions², but which have been vacated by a UNDP staff member on any form of absence or leave (annual, home, maternity/paternity leave, or special leave with or without pay, etc.), except when the purpose of the IC engagement is in accordance with (d) under “Correct Us of the IC”.
 - c. As a result of an abnormally long recruitment process for a new staff member, whatever may be causing such delay;
 - d. To perform regular and continuing functions in a Business Unit which are not time-bound nor linked to specific deliverables;
 - e. As a means of re-instating a staff member when his or her previous post/function has been abolished or could no longer be extended;
 - f. As a means of placing a staff member on a short-term probationary or observation period, even if a competitive selection process has been completed, prior to confirming the staff member’s appointment to a fixed-term contract or other contractual modality;
or
 - g. When a post is created on a pilot basis and the BU would like to determine whether the said post and functions should be made a regular post/function in that same BU.

Any function associated with a temporarily vacated post, due to any form of absence or leave, must still be formally delegated only to another staff member, to ensure that the IC engaged to support a staff is not performing core staff functions. For delineation of core staff functions and segregation of duties, see the Internal Control Framework.

² This condition must be distinguished from the situation described in correct use (d). Here, an IC is directly replacing a staff on leave, which is prohibited, because it creates expectation of performing duties that only staff should perform.

9. Since an IC is a procurement contract modality, a distinction between staff and non-staff functions is absolutely necessary before a decision to use the IC modality is made. Under no circumstances should a Special Services Agreement IC be used for functions normally performed by staff or in replacement of a staff member for any period of time.
10. The following table may be used as a guide when determining whether or not an IC is appropriate for an assignment:

Areas of Consideration	Circumstances where IC may be an appropriate contract modality	Circumstances where IC is not the best modality / Other contract modalities must be considered
General Nature of Work	<p>The work cannot be sourced within the internal capacity of UNDP.</p> <p>The TOR and/or job title does not resemble any of those in the Generic TORs.</p>	<p>The work is a regular staff function.</p> <p>The TOR and/or job title resembles any one of those in the Generic TORs of UNDP staff.</p>
Expected Outputs/Deliverables	<p>The outputs are quantifiable – they can be identified and measured.</p> <p>The need for this output is one-time and definitive – once it is delivered/completed, there is no foreseen further need for such work.</p>	<p>It is difficult to quantify or identify the outputs because the tasks / need to perform the tasks is a going concern or must be performed on a continuous basis.</p>
Expected Duration of work	<p>The time to complete the task is definitive – at a certain period/date, it is not needed anymore.</p> <p>The need for the task is not expected to continue / there is a clearly foreseen end of need for it.</p>	<p>The work is expected to be completed within a year (use TA) or beyond a 1-year period use FTA or SC if in development project context).</p> <p>The need for the task is expected/likely to continue / no foreseen end of need at short term period (i.e., next 12 months).</p> <p>Assuming an IC will be issued, when it expires, the BU is certain that the same type of service will still be needed.</p>
Physical Location of the Person while performing the tasks	<p>The work can be done/completed outside the office / few visits in the office</p>	<p>The person performing the task must be present every day in the office, and cannot be done outside the office premises.</p>

	for coordination purposes, but will not be required daily	
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11. Consistent with the overall principle of fairness and impartiality in the conduct of UNDP Procurement, individual contractors who have been involved in the preparation or formulation of a project or any project implementation activity that leads to subsequent services, including but not limited to the writing of Terms of References for services leading to the engagement of Individual Contractor, should be disqualified from the selection process for IC services arising from such work, in order to prevent situations of conflict of interest. In the same manner, an individual contractor must neither be involved in the evaluation or assessment of a project or a project activity, if the same individual was involved in any aspects of its formulation or implementation.

Nature of IC Services

12. Services provided through an IC **may be intellectual or support services**. Examples of intellectual services include the development of a concept note, the preparation of a project document, conduct of a workshop, evaluation of a project providing strategic technical advice. Support services, on the other hand, may include documenter, management of a one-time event/conference, among others.

Policy Delegation of Authority to Issue an Individual Contract

Overall delegated authority

13. The overall authority for the award, issuance and administration of an individual contract rests with the Chief Procurement Officer, who has delegated this authority to Resident Representatives, bureau directors, heads of out-posted headquarters units and heads of various units within headquarters.

Delegation of procurement authority (DPA)

14. Resident Representatives, Bureau Directors, Heads of out-posted HQ units and other Heads of various units within Headquarters, have authority to award an individual contract or series of individual contracts with the same individual (IC)/entity (RLA), of up to their Delegated Procurement Authority. This authority applies whether the individual contract is awarded based on a competitive process or as a result of direct contracting (waiver of competition).

Limits of delegated authority

Daily fee

15. If the daily fee of an individual contract exceeds US \$1,350, irrespective of the duration of the contract, the fee must be justified to and duly approved by the Regional Bureau Director or, in country offices, the Resident Representative. A daily fee approval made by the Resident Representative shall be communicated to the regional bureau director.

16. Consistent with UNDP's Internal Control Framework, the delegation of authority from the Regional Bureau Director to the Resident Representative shall be formally made in writing and kept on file.
17. For headquarters and out-posted headquarters units, justification must be submitted to the bureau head for approval. In independent offices, such as the Office of Audit and Investigations or the Evaluation Office, the approval must be granted by the head of the office.
18. Requests for approval of daily fees in excess of US \$1,350 must be submitted using the [Consultancy Duration and Daily Fee Approval Form](#). If the individual contract is for an amount that requires review and submission to a Procurement Review Committee, approval of the daily fee must be obtained prior to submission.
19. Determination of the daily fee shall be based solely on the "daily fee quoted by the individual, **exclusive** of all other costs (e.g., living allowances, etc.).

Supplemental guidance: strategic options for countries with high consulting costs

20. In markets where a daily fee exceeding US \$1,350 is prevalent, which therefore leads to frequent submission and requests for approval from the Regional Bureau Director or Resident Representative, business units can:
 - a. Establish a table of consulting fees for experts at various levels of qualifications, based on a structured market survey conducted by external experts or institutions, which takes into consideration the prevailing daily fee rates used by all other UN agencies and international organizations of comparable size and mandate in the same market environment, region or other geographical scope; and
 - b. Obtain a one-time approval from the Regional Bureau Director or the Resident Representative for the table of consulting fees.
21. Conducting the survey shall be based on best industry practices known to experienced professionals and institutions with track record for developing such Table of Consulting Fees.
22. In establishing and accepting daily fee rates, the context and duration of the assignment must be considered. For instance, a high daily rate fee agreed for an expert for a short duration in a high security risk environment may not be applicable or justified for the same individual for a long-term assignment in a duty station with low security risks. This underscores the importance of linking fees to deliverables and the complexity of the Terms of Reference.
23. For monitoring actual days of work of an individual paid based on daily fees, the IC Timesheet template may be used. Payment must be limited only to the days when actual work for UNDP was done. Travel times to join the duty station are not included, even if the contract is signed prior to travel.

Duration

24. The duration of the individual contractor's engagement with UNDP should be directly related to the required outputs/deliverables as per the Terms of Reference, which is normally attached to the contract as an annex. If the individual contractor's engagement by the same business unit under the same contract (including amendments and extensions) and the same Terms of Reference (or essentially the same) exceeds a single or cumulative period of 24 months, the approval of the Regional Bureau Director or the Resident Representative shall be obtained, prior to the issuance of an individual contract or any amendment thereto.
25. Consistent with UNDP's Internal Control Framework, the delegation of this authority from the Regional Bureau Director to the Resident Representative shall be formally made in writing and kept on file.
26. If the period exceeding 24 months is determined while preparing the Terms of Reference, approval shall be obtained prior to initiating the solicitation process.
27. If a case requires the review of a Procurement Committee, approval of the duration must be obtained prior to review.
28. The request for an individual contract longer than 24 months shall be made through the submission of the [Consultancy Duration and Daily Fee Approval Form](#) to the relevant Regional Bureau Director or Resident Representative. For the latter, a copy of the approval should be submitted to the Bureau Director.
29. This condition and process for obtaining approval applies to all business units regardless of their Delegated Procurement Authority.
30. A series of two or more individual contracts when awarded to the same individual by the same business unit over a period exceeding 24 months are also subject to Regional Bureau Director/Resident Representative approval, regardless of differences in Terms of Reference, project context or selection process.
31. Regional Bureau Director/Resident Representative approval is NOT required under the following circumstances:
 - a. If the individual contract is being issued for more than 24 months and is not a Long Term Agreement, but has less than five hundred twenty one (521)³ actual person-days of engagement, and periods of intermittent engagement are clearly reflected and rationalized in the Terms of Reference; or
 - b. The individual contract is intended for on-call intermittent engagement, i.e., with a fixed hourly or daily fee or other indicators of unit price, and the engagement is on a recurrent/on-call basis over a defined period of time. This refers to an individual

³ Derived based on 21.75 working days per month x 24 months = 521 working days in a year

contract used as a Framework Agreement or Long Term Agreement, as explained in Section Individual Contract as Framework Agreement.

Supplemental guidance:

32. To illustrate, suppose an individual contract with an initial duration of 20 months requires an unforeseen extension of 6 additional months, which then results in a total contractual duration of 26 months. In this case, an approval of the respective Regional Bureau Director must be obtained to grant the extension.
33. If an individual contract with a duration of 20 months expires and the business unit decides to engage the same individual for a different project, under a new individual contract with a 6-month duration, based on a new Terms of Reference, and for which a new selection process was undertaken by a new evaluation team, Regional Bureau Director/Resident Representative approval is still required.ⁱ

Procurement Review Committees

Contract, asset and procurement committee

34. Individual contracts or a series of such contracts awarded to the same individual with a cumulative value of less than US \$100,000.00 per business unit over a 12-month period do not require a review by the Contract, Asset and Procurement Committees. Beyond \$100,000 and up to the delegated procurement authority of the business unit, a review shall be required.

Regional advisory committee on procurement and advisory committee on procurement

35. Individual contracts or a series of such contracts awarded to the same individual over a 12-month period with a cumulative contract value exceeding the business unit's delegated procurement authority shall be submitted for review and approval by the Regional Advisory Committee on Procurement or, for headquarters and out posted headquarters units, the Advisory Committee on Procurement.
36. When a business unit has been granted an increased delegated procurement authority, i.e., above US \$150,000, its authority for managing individual contracts shall be the same as that applied to all other procurement of goods, services and works.
37. For calculating the cumulative amount, the 12-month period begins by counting 12 calendar months back from the expected start date of the new contract.
38. The above thresholds apply regardless of the following circumstances:
 - a. Whether the contract/s was/were awarded based on a competitive process or through direct contracting; and

- b. Whether the engagement of the individual was formalized through an individual contract or a reimbursable loan agreement with an organization.
39. Any amendment to an individual contract not previously submitted to the Regional Advisory Committee on Procurement or Advisory Committee on Procurement where the total contract amount after the amendment will reach or exceed the business unit's delegated procurement authority over 12 months shall be submitted to the relevant committee for review.
40. If the individual contract submitted to the Regional Advisory Committee on Procurement or Advisory Committee on Procurement has a duration exceeding the 24-month limit, the submission dossier must include the [Consultancy Duration Approval Form](#) duly signed by the Regional Bureau Director or anyone delegated to approve such a request on his/her behalf. Similarly, if the individual contract has a daily fee exceeding US \$1,350, the justification and approval from the Regional Bureau Director or Resident Representative must include.

Computing cumulative contract amounts

41. Unlike all other contractual modalities in procurement, the cumulative value of an individual contract is not based on a calendar year, but rather on the **preceding 12-month period, counted from the anticipated start date of a new individual contract or contract amendment.**
42. When determining whether or not the case should be submitted to the Regional Advisory Committee on Procurement or Advisory Committee on Procurement, based on the contract amount or cumulative amounts of a series of contracts, staff may be guided by the following:
 - a. If an individual contract will be issued to an individual for the first time, and the total amount of the contract exceeds the business unit's delegated procurement authority for individual contracts, then the case must be submitted to the Regional Advisory Committee on Procurement or Advisory Committee on Procurement.
 - b. If an individual contract will be issued to an individual who has had previous contracts in the same business unit, the amount to be awarded to the individual, plus all amounts that have already been paid for 12 months prior to the issuance of the new contract must be combined to determine the total cumulative contract amount.
 - c. If, in the course of undertaking action (b), the prior 12-month period being counted falls within the duration of an individual contract active on the 12th month, then the entire amount of the previous contract must be included.
43. All cumulative contract amount computations shall include all other payments disbursed to the contractor in addition to professional fees (e.g., living allowances, travel costs, incidentals, etc.).
44. Splitting individual contracts in order to avoid the scrutiny of any procurement review committee is a serious deviation from UNDP procurement policies and procedures. UNDP staff members are strictly requested to refrain from such practices.

Pre-requisites for Contracting

Before issuing a contract

45. The following are pre-requisites for issuing an individual contract:

- a. **Budgetary provisions:** Managers of requesting units must ensure that funds for the services or activities are approved and available in the appropriate budget(s)/account(s) before beginning the engagement process.
- b. **Terms of reference:** Managers of requesting units are responsible for preparing the terms of reference for the assignment. These are the basis for the sourcing, evaluation and selection of individual contractors. They clearly specify deliverables and/or activities and the degree of expertise required, as well as the name and title of the immediate supervisor. When drafting the terms of reference, the requesting unit should consider whether the assignment requires intellectual or support services, as well as whether a daily fee or a lump sum payment option is more appropriate under the circumstances. It must clearly state:
 - General background information relevant to the assignment
 - The objectives of the assignment
 - The scope of work, which must be consistent with the budget, and contain a detailed description of deliverables and activities
 - The duration of the assignment
 - The duty station and expected places of travel, if any
 - Monitoring and progress controls, including reporting requirements, frequency, format and deadlines
 - A clear and unequivocal definition of the final product/s or deliverables (e.g., survey completed, workshop conducted, data collected, reports written, etc.), the timeframe for their completion, and payment milestones
 - The approval process required to certify outputs prior to authorizing payment, and payment milestones if applicable
 - A clear and precise description of the selection criteria, including the required degree of expertise and qualifications such as specialized knowledge, language needs and experience
 - If applicable, a detailed list of all inputs and services provided by UNDP or any implementing partners in order to perform the contract
 - Any other relevant information

46. The terms of reference should also state whether the assignment requires a partial, intermittent or full-time presence on UNDP premises. If a full-time presence is required, a justification must be provided. If support services such as office space, equipment, secretarial services, etc. are required, the terms of reference should clearly state what arrangements are being made and indicate the responsible party.

47. **A Guide to Writing the Terms of Reference** for an individual contract helps to facilitate the process.

48. **Determination that the Individual Contract is the right contractual modality**, based on an assessment of all available modalities, especially taking into consideration the criteria that justify the use of Service Contracts, Temporary Appointment (TA) or Fixed Term Appointment (FTA). The decision making process should be guided by Section Purpose of IC and Nature of IC Services previously described.

Determining the individual contractor's fee

49. Individual candidates are required to submit a financial proposal with a lump sum or daily fee (see Section Selection Process on the solicitation process). This indicates prevailing market prices as part of determining the most competitively priced offer.
50. Depending on the nature and complexity of the assignment, all Offerors shall be requested to submit their Financial Proposals based on a lump sum or daily fee approach.
51. The terms of reference should be very clear on what cost components must go into the financial proposal. Regardless of the approach, whether lump sum or daily fee, the financial proposal must cover all financial costs. A template [Offerors Letter to UNDP Confirming Interest and Availability](#) has been provided for this purpose.

Lump sum contracts

52. Under the lump sum approach, the financial proposal identifies a total lump sum amount, and specifies payment terms according to specific and measurable deliverables, including whether payments are made in installments or upon completion of the entire assignment. Payments are based on delivery of services specified in the terms of reference. The candidate should provide a breakdown of a proposed lump sum, including travel, per diems, personal security needs and number of anticipated working days. This shall be used as the basis for determining best-value-for money and as a reference for any contract amendments or extensions that may entail additional payments.
53. When the lump sum approach is used for an assignment that requires repatriation and/or duty travel, the following actions must be considered:
- Individual contractors are not UN/UNDP staff. Therefore, they are not entitled to daily subsistence allowances. For purposes of making the distinction between staff and non-staff entitlements, it is best that the term "DSA" be avoided when dealing with ICs. In financial proposals, candidates may allocate living allowances for themselves when an assignment requires travel. These may be lower or equal to UN daily subsistence allowances, but under no circumstance should they be higher.
 - If necessary, business units may inform candidates of the prevailing UN's Daily Subsistence Allowance (DSA) rates for the duty station and all other cities indicated in the TOR as part of duty travel destinations, to aid the determination of an all-inclusive fee.
 - The business unit may include in its initial payment (i.e., payment without output) to the contractor the actual cost of travel to the duty station, even if this exceeds 20 percent of the

total contract value. Such a cost should be specified as an exact amount in the breakdown of the financial proposal submitted, and the payment should be in that exact amount.

54. Taking into consideration the purpose and principles behind the lump sum contract approach, the contract amount will remain fixed regardless of the following:
- a. Airfare price differentials between the time of the submission of the financial proposal and the actual journey
 - b. Additional days that need to be spent at the duty station due to delays in the completion of outputs if such delays are solely attributable to the contractor
 - c. Any other factors driving an increase in any of the cost components that are not directly attributable to UNDP
55. The lump sum contract is the preferred approach for formulating financial proposals, as it clearly links deliverables and payments, transferring any unforeseen risks for completion of the deliverable to the individual contractor, while minimizing transaction costs for UNDP. It is particularly preferred for assignments that are travel intensive, since it relieves UNDP of administrative and transaction costs from managing the travel.

Contracts based on a daily fee

56. Under the daily fee approach, the financial proposal specifies a single daily fee. UNDP makes payments based on the actual number of days worked. Payments must be supported by a duly completed time sheet.
57. The daily fee in the financial proposal must be all-inclusive and take into account various expenses the candidate expects to incur during the contract, including:
- a. The daily professional fee
 - b. The cost of travel from the home base to the duty station and vice versa, where required
 - c. Living allowances needed at the duty station
 - d. Communications, utilities and consumables
 - e. Life, health and any other insurance
 - f. Risks and inconveniences related to work under hardship and hazardous conditions (e.g., personal security needs, etc.), when applicable
 - g. Any other relevant expenses related to the performance of services under the contract
58. The daily fee approach should only be used when clear, quantifiable deliverables are difficult to articulate prior to commencement of the assignment. The duration of engagement using daily fees must be definitive. The possibility of any extension should be either unlikely or within manageable periods.

Determining payment rates

59. The main consideration when determining rates shall be the nature of the assignment, including its complexity, difficulty, the operating environment and scope of work, the skills and expertise required to undertake it, the supply or availability of such experts in the market, and the prevailing market for the expertise required.
60. As a guiding principle, fees must reflect fair market prices and optimize savings for UNDP, while still securing high-quality services.
61. Regardless of the nationality or citizenship of individuals being engaged, the determination of rates and currency of the payment shall be based on the following guidance:
 - a. When terms of reference do not require global knowledge or internationally acquired experience and expertise, and when the skills needed for the work or assignment are readily available in the local market, regardless of his/her personal experience, country of residence or designations under past contracts, the individual contractor's fee may be expressed in local currency and must be based on standard/prevaling local rates.
 - b. When the terms of reference require global expertise and/or internationally acquired years of experience, and when the individual must have skills and abilities obtained through a successful international track record in order to qualify for the assignment, international consulting rates and currency may be used.
62. Since this determination will have a significant impact on fees, business units must make these determinations judiciously and with due deference to their consequences.
63. Fees for individual contractors who do not need internationally acquired expertise shall be based on the financial proposal benchmarked against local market rates for similar work of comparable quality, complexity and difficulty.
64. Business units may create and establish a table of consulting fees to be used as a benchmark for Individual Contractors based on rates prevailing within their respective country and/or region. The table should be built on an actual market survey and analysis of results conducted by a knowledgeable independent external expert or institution and should be used as benchmark to help establish value-for-money of the financial proposals that will be received from the candidates.
65. In country offices, this exercise can be undertaken with other resident UN agencies or international organizations also engaging individual consultants through existing inter-agency coordination mechanisms in place (e.g., UNCT, OMT, etc.).
66. Where a business unit has not created its own fee scale, the table below may be used:

Level	Complexity, degree of expertise, availability	RANGE OF DAILY RATE IN USD
A	Junior specialist	\$200-350
B	Specialist	\$350-650

C

Senior specialist

\$650-1,350

Monthly equal payment rates

67. The individual contract is specifically designed for engaging individuals paid based on the outputs they produce for UNDP. The amount of payment for each deliverable usually varies depending on its complexity. As such, individual contractors may not be paid a fixed and identical amount every calendar month. Fixed Term Appointment, Temporary Appointment and Service Contracts are the appropriate contract modalities for such requirements. When exceptional circumstances require a monthly equal payment scheme, a written rationalization/justification must be given to and approved by the head of the business unit.

Selection and Engagement of an Individual Contractor

Overview of the selection process based on contract amounts

68. All individual contractors must, unless otherwise allowed under this policy, be selected through a competitive process instituted by the holder of delegated procurement authority.

69. When initiating the selection process, the requesting unit must first determine whether intellectual or support services are needed. This distinction should be reflected in the terms of reference, evaluation method and payment terms. Minimum requirements vary, depending on the contract value, as summarized in the following table:

Amount in USD	Sourcing	Receipt of offers including financial	Evaluation	Reference check for selected candidate	Review and approval of contract award
Less than \$5,000	No competitive process necessary, past performance review and note-to-file is sufficient	Yes, even if only one candidate	Review against the established criteria and provide a note-to-file	To be determined by the business unit depending on the nature of the assignment	Evaluation team prepares and signs the note-to-file for the procurement authority's approval
\$5,000–\$100,000	At least three qualified candidates to be considered. Advertisement optional	Yes	Desk review against criteria, interview is optional	Yes	Delegated procurement authority's approval
Above \$100,000	International	Yes	Interview is mandatory	Yes	Contract committee approval

	Advertisement mandatory*			depending on the delegated procurement authority of the business unit
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**International advertisement refers to publication in any media (print or electronic/digital) that is internationally visible and accessible. The UNDP global website is the recommended venue.*

69b. The threshold of no-competition for Individual Contractors increased to \$10,000.

The review for the threshold of no-competition for ICs shall be conducted as part of the request for the Increased Delegation of Procurement Authority. Business Units may also request increasing the no-competition threshold for Individual Contractors as a stand-alone measure. The Regional Chief Procurement Officers (RCPOs) shall authorize such increase when it is in the best interest of the organization and ensure this approval is appropriately documented.

Selection process

Sourcing of candidates

70. Where a competitive process is required, qualified candidates must be identified through an international advertisement, by sourcing from an established roster or by prior nomination of known individuals with good qualifications and outstanding performance for the type of assignment involved. Qualified candidates meet the minimum requirements established for the selection process.

a. An individual contractor selection process is considered competitive, even if it results in less than three responsive bids. An award may still be made, but approval depends on due diligence to ensure that sourcing was properly conducted, and that the limited market response was not the result of a restrictive short list or unsuitable sourcing strategy.

71. The process for selecting candidates is as follows.

72. ***If candidates are identified through an established roster, multiple rosters or various sources***

73. [A Letter of Invitation to Submit an Offer](#) and terms of reference as well as other relevant templates should be forwarded to at least three candidates qualified for the assignment. The notice shall clearly require that offers include:

74. [Letter to UNDP Confirming Interest and Availability](#). This may be supplemented by the following, if required by the business unit:

a. Explanation of why an individual candidate considers themselves the most suitable for the assignment

- b. A brief methodology, if applicable, on how they will approach and complete the assignment
75. These documents are recommended for both support and intellectual services:
 - a. Latest personal CV, including past experience from similar projects, and email, telephone and any other contact details for references.
 - b. Financial proposal, which now incorporates the self-certification aspects of the previous P-11.
76. To clarify expectations, particularly with respect to cost and deliverables, the above requirement will apply regardless of contract amount and procurement method.
77. If a candidate is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee for releasing him/her to UNDP under a reimbursable loan agreement, the candidate must ensure that all such costs are duly incorporated in the financial proposal.

Supplemental guidance:

78. The requirement for the individuals to accept that misrepresentation and material omission may result in the termination of his/her contract without notice has now been incorporated into the [offer letter form](#) and this shall be signed and submitted by the consultants. This applies even if the individual will be signing a reimbursable loan agreement.
79. Some business units solicit financial proposals only from shortlisted individuals. While this approach may seem to simplify the evaluation process, it almost always leads to higher fees, since candidates know that they have already been identified as qualified and responsive. UNDP's bargaining power declines. It is a best practice to request financial proposals when CVs are requested.

If the assignment is advertised

80. A [procurement notice](#) is posted on the UNDP website and in any other place or manner deemed strategic and highly likely to yield good results (e.g., in specialized magazines, on websites or through networks of other organizations or clients).
81. The notice will be based on the [Individual Contract Procurement Notice template](#) and will include information on the background of the assignment and required competencies, including knowledge and academic qualifications, experience and language. The terms of reference should be attached. The evaluation method must be decided at this stage and identified in the procurement notice. The procurement notice should remain visible for 10 working days after it is announced.
82. Regardless of the sourcing method used in generating offers, it is important to observe the following:

- a. All documents required should be presented in one envelope, email or attachment to an online application.
- b. If the business unit prefers to segregate the financial proposal, it shall implement the appropriate mechanism for this, but shall only enforce the separation of envelopes for contracts exceeding US \$100,000.
- c. Only individuals should submit an offer, not their employers, even if a reimbursable loan agreement is anticipated. The focus of the selection process must remain on the individual, and it is the IC policy that applies to RLAs. If the business unit would like to focus on the company's credentials, it should use a request for proposal process instead.
- d. Individuals employed by a company or institution who would like to submit an offer in response to a Procurement Notice for IC must do so in their individual capacity, even if they expect their employers to sign an RLA with UNDP.

Receiving offers

83. Offers responding to the procurement notice should be received by the procurement unit by a stipulated deadline. Offers may be received by hand delivery, fax or email. For the last two, a dedicated fax number or email account must be used to ensure confidentiality.

Evaluation method

84. The requesting unit shall establish an ad hoc three-member evaluation team to conduct an evaluation and interview if required. The number of members may vary according to the complexity of the terms of reference but should never be less than two. At least one member must be from a unit other than the requesting unit. At least one member must be a UNDP staff person, and he/she shall take the role of chairperson of the team. The team will conduct the shortlisting, and assess and rate each shortlisted candidate based on the documents submitted, as well as review the results of reference checks, until a final candidate has been identified for the award of an individual contract
85. Personnel holding UNDP contracts but with non-staff status (i.e., an individual contractor or service contract) may be voting members of the evaluation team under the following conditions:
 - a. The majority of the evaluation team comprises UNDP/UN staff;
 - b. The inclusion of the non-staff person is necessary for strategic reasons (e.g., critical knowledge or expertise of required services, etc.) and not merely for purposes of meeting the minimum number of members; and
 - c. The non-staff person has signed a Declaration of Impartiality.
86. Procurement staff involved in the selection process must function as the Secretary to the evaluation team and will be expected to:
 - a. Render guidance to team members on policy issues; and

- b. Prepare the evaluation report supported by matrices of ratings, notes and minutes of the evaluation process.
87. A procurement staff person must not be a voting member of the Evaluation Team, unless he/she was not involved in the preceding stages of the selection process, and is one of the few staff most technically competent to determine the suitability of candidates.

Pre-evaluation Stage

88. If offers were generated through an open advertisement and a shortlisting is required, the evaluation team shall conduct the shortlisting process. It must ensure that all shortlisted candidates have met the following requirements:
 - a. They are of comparable qualifications that sufficiently, if not fully, address the requirements of the terms of reference; and
 - b. They have all submitted the [Offerors Letter to UNDP Confirming Interest and Availability](#) and provided all required information sufficiently.
89. If no shortlisting is required, the evaluation team shall also ensure compliance with the above conditions. Procurement staff shall brief the evaluation team on all actions undertaken prior to the evaluation, including, but not limited to, the venue and duration of advertisement, or the sources of the offers (e.g., which roster they are from, etc.) if not an advertisement.

Evaluation Method

90. The evaluation team screens all applications. A list of all candidates, indicating which meet minimum qualifications and requirements, shall be prepared. The evaluation team is expected to shortlist a minimum of three candidates.
91. The evaluation team shall prepare a grid listing evaluation criteria as described in the procurement notice, the weighted (score) allocated to each criterion and a minimum threshold, as well as a brief indication of why such scores were given. The weight should reflect the importance of each criterion, and the minimum threshold should indicate the minimum total score at which the candidate would meet requirements in the terms of reference.
92. One possible way of shortlisting and rating candidates is presented in a [template](#) developed for this purpose. Users may modify this as needed.
93. All offers shall be evaluated in accordance with criteria detailed in the procurement notice, and formulated based on the terms of reference, taking into consideration the following:

- a. Compliance with minimum requirements, e.g., academic qualifications or number of years of experience
 - b. Demonstrated technical and personal competencies, e.g., subject matter understanding, analytical skills or communications skills.
94. The evaluation method will be determined based on whether the assignment requires intellectual or support services, and must be identified in the procurement notice. The business unit has two options:
- a. Best value-for-money approach, which is typically used for assignments that are intellectual in nature, and which takes into account a combination of the candidates' qualifications and financial proposals. The financial proposal should account for at least 30 percent of the total score.
 - b. Lowest evaluated offer of technically qualified candidates, typically used for individual contractors performing support services.

Interview Stage (if applicable)

95. Interviews are mandatory if contract amounts are expected to exceed US \$100,000. Below that amount, interviews are optional, based on what business units deem most beneficial. When interviews take place, the same evaluation team must conduct them. They shall agree, prior to the interviews, on the questions to ask, and the skills and knowledge that candidates should demonstrate in response. Questions should clearly relate to established evaluation criteria. In order to ensure fairness, candidates should be asked the same questions during each interview. Nevertheless, no member of the evaluation team should be prevented from asking other relevant and follow-up questions. The evaluation team must assess and rate shortlisted candidates based on their submitted documentation and their interview performance.
96. Candidates shortlisted for interview should have advance notice of at least 24 hours. Where a candidate withdraws his or her offer, the requesting unit may include the next ranked candidate for an interview.

Supplemental Guidance:

97. The evaluation team that undertook the desk review may also conduct the interviews. An interview process does not need to be a highly formal process similar to that undertaken for recruitment of UNDP staff. It is largely intended to validate the competencies and profile declared in the offer. Interviews may be conducted in person or over the phone, but the same method should be consistently applied to all candidates regardless of their location.
98. All costs arising from the interview, such as communications and travel costs, shall be borne by the requesting unit.

99. Upon completion of the desk review/interview, the evaluation team shall discuss the strengths and weaknesses of all candidates and agree on the most suitable one, that is, the individual with the highest combined score or the lowest evaluated offer, while meeting all minimum requirements and competencies.
100. The outcome of the process from shortlisting to interview shall be presented in a single report incorporating the following:
- a. The ratings of each candidate (technical and financial)
 - b. The strengths and weaknesses of each
 - c. The interview/desk review findings
 - d. Any decision arising from the acceptance or non-acceptance of a negative reference check
 - e. The best offeror selected for contracting
 - f. Key reasons for the rejection of other offers
101. This report shall be prepared and signed by the evaluation team.

Reference Checking

102. Reference checks are an important part of the selection process. They should be used for the most suitable candidate and should result in at least two positive references. A positive reference check on file with the business unit remains valid for two years, after which a new round of reference checks must be conducted. A [Reference Check template](#) has been created. When an Individual Contractor has completed previous assignments for UNDP the performance evaluation that is conducted on the previous contract (s) will serve as references for new contracts.
103. The most suitable candidate shall have his or her eligibility checked in accordance with UNDP rules, regulations and policies. The business unit must check, at a minimum, the UN Global Marketplace Ineligibility List as well as the list established by the Security Council (see Resolutions 1267/1989 and others, including their updated versions, as applicable).
104. When conducting reference checks, the BU may: (a) use only the phone; (b) the template provided; or (b) combine both. Checking references by phone should involve at least two staff hearing the feedback; discussions should be accurately documented, indicating the exact time the call was made, the details of the person providing the feedback, and the names of UNDP staff present for the call.
105. If the subject of the reference check is a former UN staff member separated due to retirement, contract expiration or resignation, the requesting unit must include in its reference check the reason for the separation, which may be obtained through the following channels:
- a. The human resources specialist in UNDP's Office of Human Resources in Copenhagen, if the individual was a former internationally recruited staff member; or
 - b. The human resources/operations manager in the country office or bureau in which they served before separation, if the individual was a former locally recruited staff member.

Negotiations and clarifications

106. Negotiations often come with risks. They may bring into question the fairness, transparency and integrity of the procurement processes, and undermine the confidence of the market in UNDP. This activity must always be handled properly and professionally and in accordance with UNDP policy guidance.
107. Negotiation is not mandatory in a selection process. If everything is in proper order and clearly agreed between UNDP and the candidate, there is no need for negotiation.
108. Negotiation in a competitive process is not to be understood or misconstrued as a means of bargaining with the candidate who has fully met the requirements of the technical and financial evaluation. Negotiation must not imply that a candidate must accept a price reduction or additional scope of work not originally required in the terms of reference as a condition for awarding a contract. It must not be used to deprive the most responsive candidate from being awarded the contract.
109. Once the best qualified candidate has been identified, and there are items in the financial proposal that need clarification or correction, he or she may be called for a discussion. A minimum of two UNDP staff members (ideally, one from the requesting unit and the other from the procurement staff) shall take part in this process.
110. The requesting unit **shall make no commitments to the most responsive candidate prior to the award of the contract.** The candidate must be informed that the result of the evaluation and negotiations remain subject to approval of the relevant procurement authority before an award can be made. The final negotiated agreement shall be formalized in a note-to-file prepared and signed by the negotiation team, and kept in the internal records of the business unit.

Award

111. After a candidate has been selected, the contract award may be subject to further review, depending on its duration and total amount. Please refer to information on the delegation of procurement authority and its limits.

Direct Contracting

112. Under certain circumstances, and subject to proper justification, it may be appropriate to consider a single candidate for a contract. Justification for direct contracting must be formulated in accordance with Regulation 121.05 of the UNDP Financial Rules and Regulations. In such cases, the following must be taken into consideration:
 - a. Direct contracts with a value or cumulative value from US \$5,000 (\$10,000 if approved by the Bureau) to US \$100,000 require a justification to and approval from the Resident Representative/head of the business unit, or other UNDP staff with delegated

procurement authority up to such amount. They may include the Country Director, the Deputy Resident Representative Operations, the Deputy Country Director Operations, the Operations Manager, the head of the procurement unit, the chair of the Contract, Asset and Procurement Committee, or anyone who has established knowledge of UNDP policies relevant to individual contracts and procurement standards. A [template](#) has been created for this process.

- b. Direct contracts of US \$100,000 or more, depending on the delegated procurement authority of the business unit, require review and approval by the appropriate procurement review committee.

Engaging Government Officials, Former UN Staff and Close Relatives of UN Staff Engagement of Government Officials and Employees

113. Government officials or employees are civil servants of UN Member States. For UNDP to engage them under an individual contract, which they will be signing in their individual capacity, the following conditions must be met:
 - a. A 'no-objection' letter should be received from the Government employing him/her; and
 - b. The individual must provide an official document from his/her employer formally certifying his or her status as being on 'official leave without pay' for the duration of the contract.
114. The above requirements are also applicable to government-owned and controlled enterprises, and partially owned government entities, whether or not government ownership is of majority or minority status.
115. UNDP recognizes that there are situations when the government entity employing the individual that UNDP wishes to engage allows its employees to take external short-term consultancy assignments, including research institutions, state-owned colleges/universities, etc. Under such circumstances, being 'on-leave-without-pay' is not required. They must still provide a 'no-objection' letter from the Government. It must state that the employer formally certifies that their employees are allowed to receive short-term consultancy assignment from another entity without having 'on-leave-without-pay' status, and include any conditions and restrictions on granting such permission. This document may be included in UNDP records in lieu of the 'official leave without pay' document.
116. A separated and retired government official or employee is not considered a government official or employee, and as such, may be engaged without having to meet the conditions above. He/she must ensure and confirm that any national laws governing his/her retirement are observed.

Engagement of Former or Retired UN Staff Members

Conditions for engaging former or retired UN staff members

117. Former or retired staff members may be engaged on an individual contract provided there has been a minimum break of:
- a. None, if the previous contract was a Temporary Appointment
 - b. One month after the official date of separation from the United Nations, if the nature of the separation was not due to retirement
 - c. Three months after the official date of retirement from the United Nations
 - d. However, **all** of these cases are subject to **all** of the following conditions:
 - e. The person is not applying for the position they retired or separated from;
 - f. They are not applying for an assignment for which he/she provided oversight while he/she was under a staff contract;
 - g. They are not applying for an assignment where they were involved in creating the terms of reference; and
 - h. They did not separate from UNDP or another organization of the UN system for any of the following reasons: abandonment of post, dismissal for misconduct, non-renewal of appointment for unsatisfactory service, termination of appointment for unsatisfactory service or resignation in lieu of disciplinary action.

Supplemental Guidance:

118. A former staff becoming an individual contractor poses potential risks to the organization. As such, the break in service must be consistently applied. Clear measures must be taken to ensure that the records demonstrate that the individual freely made the choice to change status, and that they understand that under the individual contract modality, there are and there should be no expectations nor entitlement to re-employment as a staff member. For more detailed information regarding separation policies, please click [HR Separation from Services](#).

Determining fees of former staff members

119. Individual contract fees are based on the nature and complexity of the assignment to be performed. Fees payable to former staff members engaged under individual contracts shall not be based on the level of remuneration they had before separation from the United Nations.

Restrictions concerning former staff members in receipt of a pension benefit

120. Employment of former staff members who are in receipt of a pension benefit from the UNJSPF shall be subject to the following restrictions:
- a) Former staff members may not receive compensation of more than US\$ 50,000 for up to six months of employment or engagement, without suspension of his or her UNJSPF retirement benefit.

- b) In all cases, former staff members may not be re-employed at a level higher than that at which they separated from the organization, or higher than the level at which regular staff members are remunerated for the same function at the same duty station.

121. These provisions apply when the retiree is engaged in their individual capacity, but **not** to cases where the retiree is engaged under a reimbursable loan agreement signed with an entity employing them.

Engaging Close Relatives of UN Staff Members

122. In order to avoid real or perceived family influence or conflict of interest, the UN Staff Regulations and Rules provide that: *“An appointment shall not be granted to a person who is the father, mother, son, daughter, brother or sister of a staff member, unless another person equally well qualified cannot be recruited”* (see Staff Rule 4.7(a)). This prohibition also applies to individuals engaged through individual contracts.

123. United Nations Volunteers are not included in this prohibition, but any family relationships between a UNDP staff member or employee and a UNV must be disclosed when it becomes known. This prohibition does not extend to a candidate who applies for a position with UNDP under any type of contractual modality and who is related to a staff member of another UN organization.

124. The spouse or recognized partner of a UNDP staff member may be engaged under an individual contract when:

- a. He/she is fully qualified for the assignment
- b. He/she has been selected through a full, transparent and open competitive selection process, without any involvement of the UNDP spouse or recognized partner, and where other qualified candidates were reviewed and shortlisted
- c. He/she is not given undue preference by virtue of his/her marriage or common law partnership
- d. He/she is not in the same line of authority as the UNDP spouse/partner

125. For more information, please refer to the [Policy on Family Relationship](#).

Engaging Current Individual Contractors from Other UNDP Business Units

126. Individual contracts are intended to produce particular outputs and do not usually require individual contractors to report for work on a daily basis. Therefore, one person could potentially hold more than one contract from various business units within UNDP and not have conflicts in terms of time and/or workload management.

127. When engaging an individual with a currently active individual contract from another business unit, it is essential that the individual contractor and the requesting unit make an assessment of the situation and exercise sound judgement. The following steps are recommended:

- a. Communicate with the business unit that issued the currently active contract;
- b. Reconcile the timelines of the new contract with that of the active contract, steering clear of all possibilities of conflicts;
- c. Disclose to, and discuss with, the business unit that issued the current contract the intent to issue a new contract, and discuss a mutually agreeable arrangement, taking shared responsibility for possible consequences;
- d. Communicate to the individual contractor the agreed arrangement between the UNDP business units; and
- e. Obtain a written statement from the individual contractor, addressed to both business units, that neither of the two contracts will be compromised in terms of quality and timeliness of completion of deliverables and outputs.

Supplemental

Guidance:

128. Considering human limitations, as well as the fact that there are only 24 hours in a day, the possibility exists that the timeliness and quality of the outputs for one or both of the contracts will be affected, hence the inherent risk of issuing multiple contracts to the same individual. There may be circumstances where it is impossible for the person performing the services to be at his/her optimum efficiency and effectiveness, such as when one contract requires travelling, and the other requires the person to be reporting daily to another location. Some assignments could be mutually exclusive in terms of time allocation by the contractor.

Prohibition on the Engagement of UN/UNDP Staff

129. Consistent with the UNDP policy on the discontinuation of dual appointments, which came into effect in 2009, no UN/UNDP staff (i.e., holders of a valid Continuing Appointment, Fixed-Term Appointment or Temporary Appointment) can be engaged on an individual contract. This prohibition remains applicable even if such staff are on any interim status, such as approved Special Leave Without Pay or any other type of leave.

Issuance of an Individual Contract

130. As a result of the competitive process, and upon selection of most suitable candidate, UNDP may issue an offer for engagement through an [individual contract](#) or [a reimbursable loan agreement](#).

131. Both contract types must be issued along with the General Terms and Conditions as Annexes to the IC/RLA.

132. If a contractor is 65 years of age or older and on an assignment requiring travel, be it for the purpose of arriving at the duty station or as an integral duty required under the terms of reference, a full medical examination and a statement of fitness to work and travel shall be provided before the contract is signed. This is not a requirement for individuals on reimbursable loan agreement contracts.

133. Upon completion of these requirements, the individual contract should be provided to the contractor for his/her signature, together with the terms of reference and relevant documents referred to in the contract as annexes (including the General Terms and Conditions). No work or travel to the duty station should commence until the contract has been approved and signed by both UNDP and the individual contractor or his/her designated entity.

Reimbursable Loan Agreement

134. The reimbursable loan agreement is not a stand-alone mode of procuring individual services. It is an instrument used to engage individuals employed with another legal entity. It is therefore subject to the procurement processes, procedures and thresholds set forth in the Individual Contracts Policy.
135. When the selected candidate has indicated to UNDP that his/her engagement must be formalized through a reimbursable loan agreement signed by his/her employer with UNDP, the agreement shall be offered to his/her employer through the focal person and contact details provided by the candidate.
136. The signatory organization/company/institution shall make the services of the selected individual contractor available to UNDP for a specified period. The organization/company/institution therefore remains responsible for the direct payment of actual cost of salaries, taxes, insurances and other entitlements/emoluments due to the contractor, and UNDP merely reimburses the organization/company/institution.
137. If the organization/company/institution signing the agreement requires, UNDP may pay a fixed management fee or administrative charges, provided that such costs were incorporated in the original financial proposal. Notwithstanding the payment of such fees, the organization/company/institution is not expected or obliged to replace the selected individual contractor in the event of contractor non-performance or any pre-termination of the agreement. When the work under a pre-terminated agreement needs to be continued, UNDP must conduct a new selection process.
138. UNDP reserves the right to refuse the issuance or signature of the reimbursable loan agreement with the employer of the selected candidate when the employer is on the list of entities ineligible to obtain contracts from the UN/UNDP.
139. The guidelines for individual contractor are not applicable to non-reimbursable loan agreements.

Supplemental Guidance:

140. When the competence, capacity, expertise and track record of the company employing the individual contractor is of primary relevance or importance to UNDP, individual contracts and reimbursable loan agreements should not be used. Other relevant procurement policies, procedures and contracting modality must be applied, such as the request for proposals process.

a. Individual Contract as Framework Agreement

An individual contract may be issued to establish a framework agreement (or long-term agreement) with a contractor when services are needed on an intermittent and repetitive basis, and a unit price has been agreed.

The contract and terms of reference must clearly specify the following minimum conditions:

- i. The unit price for the service (e.g., fee per hour, fee per day, fee per page, etc.); and
- ii. The process or document that will be used to activate or initiate the rendering of service within the period of the contract (e.g., issuance of a purchase order, etc.).

The contract does not create a financial obligation or commitment from UNDP. It is non-exclusive, meaning it does not prohibit UNDP from entering into another framework agreement with another individual or entity. Financial commitments will only be established each time services are requested under the contract, through an agreed triggering action or document that signals the commencement of a given engagement (also known as ‘call-offs’).

All individual contracts used as a framework agreement must indicate a ceiling price limiting the cumulative amounts that will accrue to the individual during the life of the contract. Such a ceiling shall remain an upper limit, and must not be understood as a financial commitment or guarantee of business volume. Individual contract thresholds for daily fees and thresholds for cumulative amounts relevant to framework agreements apply.

The business unit managing the contract must:

- i. Monitor cumulative contract amounts, and
- ii. Ensure submission to the proper committee as cumulative payments reach thresholds specified in this policy.

This type of contract may cover a maximum period of three years. Where quality assurance is critical, a business unit may also issue a contract for an initial period of 12 months, subject to extension based on satisfactory performance review.

When the need for services continues beyond three years, a new competitive procurement process must be conducted.

b. Supplemental Guidance:

The legal definition of a ‘retainer’ arrangement is that the entity requiring the services pays in advance for work that will be specified at a later date. This is not an acceptable arrangement for UNDP, and hence the term must not be used when referring to UNDP’s procurement of any form of service, including under an individual contract or reimbursable loan agreement.

c. Commencement of Services

The commencement of work, travel or payment of fees are not permitted before an individual contract is signed by both UNDP and the contractor. Engagement of individual contractors on a retroactive basis is not permitted under any circumstance. Strict compliance with this requirement safeguards the interests of both UNDP and the individuals concerned.

d. Post-facto Contracts

Post-facto actions fall outside the scope of the UNDP procurement process. A UNDP official authorizing or approving an award of an individual contract without the required approvals is solely accountable for his/her actions, including all liability incurred by engaging individual contractors outside of regular UNDP procurement processes.

Such actions fall within the definition of misconduct in the [UNDP Legal Framework for Non-Compliance with UN Standards of Conduct](#). See in particular Section 3. Misconduct [...] 24. *Misconduct may include, but is not limited to, the following categories [...] (g) Action or omission to avoid or deviate from Financial Regulations, Rules and Procedures, including inappropriate use of authorizing, approving, committing or verifying authority”[...].*

Further policies related to post-facto contracts are provided [here](#).

Legal Status, Rights and Obligations of an Individual Contractor

141. Individual contractors serve in their independent, individual capacity and not as representatives of a government or any other organization, including UNDP. Individuals engaged through individual contracts or reimbursable loan agreements do not enjoy the status of ‘staff members’ under the UN Staff Regulations and Staff Rules.
142. In special circumstances, individual contractors may be given the status of ‘experts on mission’ in accordance with Section 22 of Article VI of the Convention on the Privileges and Immunities of the United Nations of 13 February 1946. Such determination is made in each case by the UN Secretary-General, who alone has the authority to assert immunity on behalf of the United Nations. When this special status is accorded, an ‘expert on mission’ may be provided with a UN Certificate for the period she/he is engaged by UNDP. ‘Experts on mission’ are not entitled to a UN Laissez-Passer.
143. During the period of service with UNDP, individual contractors are required to uphold the standards of conduct set forth in their individual contract and the Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission (ST/SGB/2002/9). Individual contractors are bound by the terms of their contract to respect the impartiality and independence of the United Nations and exercise the utmost discretion in all matters relating to the performance of their functions and official UN business. They may not engage in any activity that is incompatible with the discharge of their duties with the Organization and are required to exercise the utmost discretion in all matters of official business of the Organization.

144. Unless specifically authorized by UNDP, individual contractors may not communicate at any time to the media, or to any institution, person, government or other external authority any information that has not been made public and that has become known to them by reason of their association with UNDP, except in the course of their duties or by authority of the UNDP Administrator or his/her designate. They shall not use such information for private advantage. These obligations do not lapse even after the end of their service to UNDP.

Prohibition of Sexual Exploitation and Abuse

145. Individual contractors must comply with the Standards of Conduct set forth in the Secretary-General's Bulletin ST/SGB/2003/13 of 9 October 2003 concerning "Special Measures for the Protection of Sexual Exploitation and Sexual Abuse." In particular, the individual contractor shall not engage in any conduct that would constitute sexual exploitation or sexual abuse, as defined in the bulletin.

No Employer/Employee Relationship

146. Nothing in the individual contract shall establish the relationship of employer and employee between UNDP and the individual contractor. Individual contractors are not staff members. They may not hold positions in any of UNDP's institutional bodies, committees or the UNDP Staff Association/Council, and may not have any voting rights within UNDP.
147. For information on restrictions on employment after separation, please also see the [UNSG Bulletin on Post-Employment Restriction](#).

Security Plan

148. All individual contractors must be included in UN/UNDP security plans and arrangements in effect at any duty station. This does not apply to contractors engaged on an intermittent/on-call basis, who are paid by the hour/day or who are working from home (i.e., without the need to be within UNDP premises or UNDP-designated locations). When individual contractors are on duty during any security-related incidents, they must be included in security arrangements that the UNDP business unit may take to mitigate security risks related to all personnel under UN contracts.
149. Where an individual contractor works from home, physical security measures will not apply to his/her home, but he/she shall be included in all UNDP security warden system and/or the dissemination of security information, briefings, trainings, communications, etc.
150. Any decision to evacuate individual contractors for political or security reasons shall rest with UNDP. Such measures to avoid risks as decided by the Designated Official (in consultations with the Security Management Team) shall be extended to individual contractors, but they should be advised that no dependent(s) accompanying them to the duty station are included in such procedures.

151. Political or security evacuation must be distinguished from medical evacuation, the cost of which shall be borne either by the individual contractor or his/her own insurance carrier.
152. Should the Individual require his/her own personal security services to minimize security risks, or as may be necessary in a given duty station, such costs shall be borne fully by the individual.

Individual Contractor's Rights and Obligations

153. The rights and obligations of the individual contractor are strictly limited to the terms and conditions of the individual contract. Specifically:
 - a. Individual contractors are engaged for their skills and expertise, in order to produce defined deliverables. Under specific circumstances, they can participate as non-voting members of corporate committees providing advisory services/support in their substantive area of expertise.
 - b. Services must be performed within the timeframe set forth in the contract. The provision of services carries no authority or legal rights to bind UNDP in any agreement, nor does it create any additional rights for the individual contractor or additional obligations for UNDP.
 - c. Individual contractors are responsible for paying any taxes derived from any earnings received from UNDP in their home country. Where they are on assignment outside of their home country and benefit from the status of persons performing services for UNDP in accordance with the Standard Basic Assistance Agreement or other applicable treaty, their earnings from UNDP in the country of assignment are exempt from taxation.
 - d. Individual contractors are not entitled to any benefits, compensation or subsidies except those explicitly provided for in the contract. They are not entitled to any staff entitlements such as annual leave, sick leave, or maternity leave.
 - e. Individual contractors are not entitled to reimbursement of any taxes.
 - f. Individual contractors must not be given any form of representational, supervisory approving or signing authority that would create any legal and/or financial obligations for UNDP (e.g., Atlas approving authority, signing of contracts, etc.).
 - g. The granting of UNDP business cards to individual contractors is strongly discouraged. Where the nature of the work necessitates business cards, the following requirements must be met:
 - i. A justification has been established in writing and duly approved by the head of the business unit;
 - ii. The business card may mention the title of a UNDP project under which the contractor is delivering outputs but shall not bear the logo of the United Nations or UNDP; and
 - iii. The designation of the individual contractor must not resemble the nomenclature for any UNDP staff function, and must be indicative of the temporary nature of the assignment (e.g., consultant, etc.).
 - h. When required by the assignment or the kind of services to be performed, individual contractors may be given a UNDP email address. The relevant UNDP staff supervisor can

also request UNDP Intranet access, as needed. The business unit shall be responsible for monitoring and ensuring that said email accounts are disabled upon completion of the contract.

- i. Individual contractors do not participate in the United Nations Joint Staff Pension Fund and will therefore not be eligible for any benefits from it related to the period of service under an individual contract.

Title Rights

154. All title rights, copyrights, patents and any other rights of any nature in any material produced under the terms of the individual contract shall be vested exclusively with UNDP. At the request of UNDP, the individual contractor will assist in securing such title or property rights and in transferring them to UNDP in compliance with applicable laws.

Information Disclosure

155. UNDP procurement activities are guided by policies and procedures set out in various documents, including the procurement chapter of UNDP's Programme and Operations Policies and Procedures. UNDP is committed to transparency in accordance with its Information Disclosure Policy. All [procurement solicitation notices](#) are posted online. Awards of contracts, including individual contracts above US \$100,000, are available on UNDP websites, by region and type of services/goods.

Management and Administration of Individual Contracts

Electronic administration of individual contracts

156. Individual contract administration is automated through Atlas. Individual contractors are treated strictly as vendors providing services, and they are registered only in the Atlas procurement module.

Payment and performance evaluation

157. The work and performance of an individual contractor must be evaluated and monitored by the responsible manager on a regular basis to ensure that contractual obligations are fully met. The key elements for monitoring shall be the deliverables (quantity and quality), time frame and cost. The conditions of an individual contract and the terms of reference are the basis for contract management.
158. The [Individual Contract Performance Evaluation Form](#) should be used and adapted to the specific needs of the assignment.
159. A [Certification of Payment Form](#) indicating certification of satisfactory completion of work by the authorized official from the requesting unit should be completed each time a payment is

made. The Individual Contract Performance Evaluation Form must be attached to the Certification for Payment Form when processing final payment.

160. In the event of unsatisfactory performance or failure to complete an assignment in accordance with the terms of reference, the Deputy Resident Representative Operations, Deputy Country Director Operations or Operations Manager in a country office, or the Procurement Support Office as well as the Legal Support Office, must be immediately notified so that a decision can be made on whether or not the payment of any amounts due to the individual contractor should be suspended, and/or the contract should be terminated and the contractor removed from any and all applicable rosters in UNDP. Whenever any of these actions are necessary, the business unit shall ensure compliance with guidance provided by the Procurement Support Office and Legal Support Office.
161. The final performance evaluation form of an individual contractor shall be completed and retained for all contracts, regardless of whether deliverables were completed or not.

Amendment of an individual contract

162. Amendments of an individual contract may be made when contracts are extended beyond the initial contract period and/or when there are minor modifications of contract provisions. Amendments must be approved by the UNDP delegated procurement authority.
163. Only active contracts may be amended. Expired contracts are no longer valid and the obligations of both parties to the other cease to exist, so that amending or extending the contract no longer serves any purpose. As such, monitoring and management of contracts are crucial to ensuring UNDP's best interests.
164. Contracts may be amended through any of the following:
- a. Amendment of timeframe/no-cost amendment: a short explanation should be provided as to why the timeframe needs to be extended. The said explanation must establish unforeseen circumstances or incidents that caused delays of completion of work, but which were not directly attributable to the performance of the individual contractor. Business units managing individual contracts are expected to ensure that such delays are not the result of poor oversight/contract management on the part of UNDP.
 - b. Amendment with additional activities in line with the original terms of reference and a corresponding cost amendment aligned with the unit prices indicated in the original financial proposal. Under this circumstance, a short description should be provided justifying why additional work is being executed through an amendment and not through the issuance of another contract to another individual, and how the amendment of the contract can help contribute to the achievement of the envisioned outputs/results.
165. Any substantial revision to the terms of reference and/or revised deliverables necessitates a new competitive process.

Pay rate on contract extension

166. An extension of the services of an individual contractor requires an amendment of the original contract. The pay rate must remain the same. Adjustment of the rate may only occur upon a re-engagement under a contract for a different assignment with modified terms of reference.
167. If the contract extension requires additional work that justifies additional payment, all costs for the extension shall be paid at the same unit rates as in the original contract. Any change in costs or cost components shall require a new selection process.
168. All extensions that require additional payment shall be included in the computation of the total contract duration and total cumulative amounts.

Establishing a contractor roster

169. Where there is a significant demand for individual contractors, it is highly recommended that business units establish a roster of qualified candidates. Country offices, regional centers and headquarters may establish and maintain rosters to facilitate identification and selection. Rosters may provide easy access to a pool of contractors who are potentially suitable and have a demonstrated track record.

Populating a roster

170. Rosters may be established by area/sub-area of expertise, global/regional/local knowledge and/or level of seniority, among other criteria. For example, an office with a large democratic governance programme may set up a roster with experts in human rights, decentralization and parliamentary development, among other areas.
171. Entries into a roster may come from any or any combination of the following sources:
 - a. Open advertisement calling for credentials of individuals who can render individual consulting or support services for a range of fields of expertise and/or practice areas, while clearly stating that the call is solely intended for inclusion in a roster (i.e., potentially no immediate opportunity for an assignment);
 - b. Contractors who have previously worked for UNDP under any contract modality and whose performance was certified satisfactory;
 - c. Candidates who have, within the past 12 months, participated in a selection process for a similar UNDP vacancy, and who, despite being unsuccessful, were nevertheless evaluated as qualified (documentation clearly indicating qualifications must be available); and
 - d. Candidates who within the past 12 months submitted an unsolicited application or CV and have been screened for qualifications and prior work experience and were found to be potentially suitable.

Sourcing from rosters

172. Sourcing from rosters must be governed by the following:
- a. **For urgent assignments of contract values below US \$5,000:** A business unit may directly contract a qualified member of the roster.
 - b. **For assignments of contract values above US \$5,000 but below US \$100,000:** A business unit must request at least three qualified roster members to submit a financial proposal or other required documentation specific to the assignment/terms of reference, and subject all to further desk review and selection by an evaluation team.
 - c. **For assignments of contract values exceeding US \$100,000:** At this amount, advertisement of a procurement notice is mandatory. If there are qualified individuals on the roster, they may be notified directly of an advertised assignment so they can compete with respondents. Such notification is not for the purpose of automatically shortlisting them.
173. In summary, except for direct contracting under US \$5,000, every candidate sourced from a roster must still be subject to further comparison and evaluation, in order to identify the most suitable person and achieve best value for money.
174. All rosters must meet the following minimum requirements:
- a. All members must be subject to a screening and evaluation of qualifications by at least two UNDP staff members;
 - b. All shall be subject to verification against the UN/UNDP list of individuals or entities ineligible to obtain contracts; and
 - c. Individuals whose performance is unsatisfactory should be removed from the roster.

Supplemental Guidance:

175. Rosters may be updated by issuing an announcement at least once a year, in order to obtain new potential candidates. When feasible, business units may consider posting an ongoing announcement, with no submission deadline, so that the roster is continuously updated. This approach is suitable for high demand consultancy/contractor service areas.

Pre-approved rosters

176. A business unit may create a roster with pre-approved individuals who can be contracted for sums of less than US \$100,000 without the need for further desk review. Such a roster may be created for country office, regional or global use.
177. This type of roster can only be used upon approval from the Regional Advisory Committee on Procurement or Advisory Committee on Procurement based on ex-ante submission. At a minimum, such ex-ante submission must clearly provide the following information:
- a. The method for sourcing individual entries;

- b. The level of detail required for each individual;
 - c. The process of screening and pre-approving each individual;
 - d. The procedure for updating, adding and deleting individuals; and
 - e. The justification for a pre-approved roster (i.e., to what extent can it improve efficiency, based on demand).
178. Consistent with provisions on an individual contract as a framework agreement, any approval of such a roster by a Regional Advisory Committee on Procurement or Advisory Committee on Procurement is only valid for three years. Thereafter, the business unit shall resubmit the case, indicating any further changes arising from lessons learned.
179. The thresholds for daily fees, cumulative contract amounts and duration limits apply to all individual contracts generated from a pre-approved roster.

Administration of Travel of Individual Contractors

Travel modes for individual contractors

180. Two types of travel may be applicable to individual contractors:
- a. Mission travel, which is generally defined as travel requested as part of the performance of functions under the contract. This type usually consists of travelling from the duty station to the place of the mission and returning to the duty station.
 - b. Travel to join a duty station/repatriation travel. This type of travel is only applicable for individual contractors who do not reside at the duty station when they are engaged. It applies only to individual contractors who are actually required to travel to and from the duty station. It is not relevant for those who are working from home; who are already at the duty station regardless of reason; who are already at the duty station because of another individual contract or amendment, even if for a different project or terms of reference; or who opt in writing to stay at the duty station after the completion of an individual contract.
181. Postponing a new individual contract to create an unnecessary break between contracts shall have no effect on an individual's ineligibility for travel.

Budgeting for travel

182. All envisaged travel costs must be included in the original financial proposal. This includes all duty travel, travel to join a duty station and repatriation. Any anticipated mission travel must be included in the terms of reference to allow for inclusion in the financial proposal. In the event of unforeseeable travel, the respective business unit and the individual contractor should agree on the manner in which travel costs, including tickets, lodging and terminal expenses, are to be reimbursed prior to travel.
183. Regardless of the purpose of travel, the prevailing price for an economy class ticket on the most direct routes shall apply for all individual contractors. In general, UNDP should not

accept travel costs exceeding those of a full-fare economy class ticket. Individual contractors wishing to upgrade their travel to business or first class shall do so at their own expense.

184. On an exceptional basis, the Chief Procurement Officer of UNDP (or delegated officials) may authorize business class travel if travel conditions fall under any of the special circumstances authorized by the UN Secretary-General as per [A/67/356](#).
185. For all exceptions, supporting documentation including the [TTS3-E](#), shall be submitted to the Chief of the Administrative Services Division in the Bureau of Management.
186. Since individual contractors are not staff, UNDP is under no obligation to provide them with entitlements typically provided to staff for travel.

Travel expenses

187. Payments to cover travel expenses may be made either as a lump sum of 100 percent of expected travel costs prior to travel, or reimbursed to the individual contractor upon submission of a travel claim (F-10 form) and all necessary supporting documents. The preference of the business unit must be indicated in the terms of reference.
188. When the individual contractor pays for his/her own travel expenses as part of the lump sum fee, reporting using an F-10 claim is not required.

Negotiations for unforeseen air travel and living allowances

189. The cost and terms of reimbursement of any unforeseen air travel authorized by UNDP for individual contractors must be negotiated prior to travel. The individual contractor must indicate in writing his/her willingness to undertake such unforeseen travel, before it commences.
190. The rules governing unforeseen travel shall be the same as those described in Budgeting for Travel. All other related costs shall be based on, or pro-rated with, the relevant cost components indicated in the original financial proposal. Where such costs involve living allowances, the UNDP daily service allowance rates may be applied or used as a benchmark for negating living allowance rates.

Visa and travel documents

191. For individual contractors located outside of the duty station designated under the contract, UNDP will facilitate, at its own expense, necessary visas and work permits. Where the United States is the duty station, a G-4 visa is required. It provides non-immigrant status for persons employed by international organizations while stationed on official business in the United States. Persons with G-4 visa status are required by US immigration authorities to relinquish any other visa status that they may have previously held in the United States. The business unit engaging the contractor must report the required arrival and separation of the individual contractor to the US Mission to the United Nations through the Induction Questionnaire for Contractual Personnel (P.1/A Form) and eventually the Exit Interview (P.18 Form), respectively.

192. For identification purposes, a UN Certificate may be issued for individual contractors who travel at the authorization of UNDP and with UNDP funds, in accordance with Section 26 of the Convention on the Privileges and Immunities of the United Nations of 13 February 1946, using the form PT-64, [Application for UN Certificate](#).
193. Locally recruited individual contractors are responsible for all necessary visas and work permits required by local authorities before commencing their assignment with UNDP. When international travel is required in accordance with the terms of reference, UNDP shall assist in obtaining visas necessary for the journey. The business unit may issue a letter stating that the individual has been offered a contract to assist this process.

Security clearance

194. UNDP business units must ensure that individual contractors obtain security clearance for UNDP funded/official travel. Submitting requests for Security clearance is the personal responsibility of the Individual contractor and must be requested prior to travel. This request is submitted on the UNDSS Travel Request Information Process (TRIP) platform⁴.
195. Individual Contractors unable to register in TRIP should have their requests submitted by the host/sponsoring business unit. The BSAFE is an online security awareness training course mandatory for all UNDP personnel; including Individual Contractors and is a pre-requisite for the approval of security clearance requests submitted with exception to appointment travel. All individual contractors are to ensure the course is completed. Non – UN email addresses can be used in registering for the course. For further details, Individual Contractors are to refer to the [Security Clearance Policy](#).

Statement of medical fitness for work

196. Individual contractors whose assignments require travel and who are over 65 years of age are required, at their own expense, to undergo a full medical examination, including x-rays, and obtain medical clearance from a UN-approved doctor prior to taking up their assignment. This does not apply to individuals engaged through a reimbursable loan agreement.
197. Where there is no UN office nor a UN medical doctor present in the location of the individual contractor prior to travel, the individual contractor may choose his/her own preferred physician to obtain the required medical clearance.
198. The medical clearance shall be kept in UNDP records and remain valid for 12 months.

Inoculations/vaccinations

199. Individual contractors are required to have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director. The cost of required

⁴ Submitting security clearance requests for personal travel of individual contractors is also strongly encouraged

vaccinations/inoculations, when foreseeable, must be included in the financial proposal. Any unforeseeable vaccination/inoculation cost will be reimbursed by UNDP.

Service-incurred death, injury or illness

200. UNDP's [insurance benefit regime](#) provides a group insurance policy that is managed and administered by the Procurement Services Unit at UNDP headquarters and covers all holders of individual contracts who, under the terms of their contract, are required to travel (domestically or internationally) at the authorization of UNDP and using UNDP funds, or to perform services for UNDP, in the event of their death, injury or illness attributable to the performance of official duties for UNDP. This insurance is centrally administered but the cost shall be recovered from the business unit managing the individual contract.

201. For processing claims, every international contract signed by UNDP should bear the name of a beneficiary nominated by the individual contractor. Every business unit must ensure that this requirement is strictly followed.

Supplemental Guidance:

202. Insurance coverage provided to individual contractors covers service-incurred liabilities only. It is not intended to provide coverage for long-term needs and pre-existing needs or conditions, but rather only for needs during the time the individual is engaged by UNDP. All other insurance requirements (e.g., pension, life, medical/health, travel, etc.) must be purchased by the individual at his/her own expense.

Malicious acts insurance policy

203. Individual contractors who provide services in, or travel at UNDP's expense to, a designated hazardous duty station are covered by the Malicious Acts Insurance Policy. Accordingly, the contractor must comply with all UN security policies, procedures and instructions. Failure to comply shall be grounds for termination of the contract for cause and possible loss of insurance eligibility and benefits. The business unit issuing a contract shall be required to ensure that the contractor is aware of all security directives, including issuance of security clearance for travel.

Breach, Termination and Dispute Settlement

Breach of an individual contract

204. Individual contractors are liable for breach of the obligations they assumed under an individual contract. If the contractor's supervisor believes there has been a failure to perform or breach of contract, such as through unsatisfactory performance or failure to complete an assignment in accordance with the terms of reference, the supervisor must allow the individual contractor a reasonable opportunity to solve the issue within a specified time. If this does not occur, consistent with Section 8.2, above, the supervisor must notify the Deputy Country Director Operations, the Deputy Resident Representative Operations, the Operations Manager in a country office or the Procurement Services Unit as well as the Legal Support Office so that a

decision can be made about whether or not to withhold payment of any amounts that may be due to the individual contractor, suspend or terminate the contract and/or remove the individual contractor from any applicable rosters.

205. The business unit must fully document the alleged breach, the steps taken to allow the individual contractor to remedy it and any other relevant action taken by the business unit and the contractor.

Termination of an individual contract

206. According to the General Conditions of Contract for the Services of an Individual Contractor, an individual contract may be terminated by either party with advance written notice. The period of notice is five days for contracts of less than two months and 14 days for those of a longer period. A notice of termination does not need to state the reasons for termination, nor does it have to be signed by the party to which it is addressed.

207. Although Section 13 permits unilateral termination without any express reason, to avoid claims and disputes, it is advisable that a contract be terminated by **mutual agreement** of the parties. Since the contract would end by consent, the termination can take effect immediately. The business unit and the individual contractor should formalize termination in a short written statement, acknowledging termination by agreement and the amount of compensation due, if any. The statement should be signed by both parties. The Procurement Support Office and the Legal Support Office should be consulted if any issues or questions arise.

208. In some cases, the business unit may have strong reasons to terminate a contract unilaterally, in response to **failure to perform or breach of the contractual obligations** by the individual contractor. In such cases, consistent with Sections 8.2 and 10.1, above, the matter must be brought to the attention of the Procurement Services Unit and the Legal Support Office for guidance on next steps.

209. For any termination, the business unit is only liable on a pro rata basis for actual work done to its satisfaction. If the contractor terminates the contract, the business unit may withhold from compensation any additional costs incurred by it as a result.

Settlement of disputes

210. If the business unit and an individual contractor disagree over any aspect of a contract, every effort should be made to resolve that disagreement amicably, i.e., through informal discussions, consultations and negotiations. Business units are strongly encouraged to seek early guidance from the Legal Support Office on handling disputes.

211. If an amicable settlement is unsuccessful, the matter must be escalated to the Procurement Support Office and the Legal Support Office for advice and further guidance. Arbitration may be initiated under the United Nations Commission on International Trade Law Arbitration Rules. The arbitral tribunal will be constituted to hear the parties' positions and issue a binding decision.

212. The initiation of arbitration proceedings should not be considered the cause for or the actual termination of an individual contract. Except with respect to any indemnification obligations of the individual contractor, or as otherwise set forth in the contract, any arbitral proceedings must commence within three years after the cause of the action. Arbitration is a means of last resort, as it requires a substantial commitment of time and resources from both sides. Amicable settlement is thus strongly encouraged for the benefit of both the UNDP business unit and the individual contractor.

213. If the UNDP business unit receives a notice of arbitration from an individual contractor, the matter must be immediately referred to the Procurement Support Office and the Legal Support Office for advice.

Roles and Responsibilities

Roles	Responsibilities
Head of business unit	Institute a process for determining whether or not an individual contract is the most appropriate instrument for the required services and ensuring that contracts are only used for their specific purposes.
Head of business unit	Coordinate with other UN agencies in establishing the fee structure for contracting individuals.
Managers of requesting units	Determine whether or not, based on a review and analysis of all possible contract modalities vis-à-vis the nature of the assignment, an individual contract is the most appropriate contract modality.
Managers of requesting units	Determine the purpose and duration of the contract in accordance with the Individual Contract Policy and ensure availability of funds and budget proper amounts corresponding to the duration of the agreement and any foreseen extensions.
Managers of requesting units	Prepare the terms of reference with clearly defined deliverables, deadlines and qualification requirements.
Procurement units	Facilitate the selection process for individual contractors, provide guidance to the requesting units and evaluation team in completing the assessment and the selection process in line with the policy.
Procurement units	Ensure that all candidates shortlisted for a desk review and/or interview are of comparable qualifications that meet the terms of reference requirements, have confirmed availability and have submitted financial proposals specific to the assignment.
Managers of requesting units	Participate in the selection of the most suitable candidate for the assignment.
Procurement units	Submit sufficient documentation and obtain committee or bureau director approvals of individual contracts where necessary and applicable.
Contract Review Committees	Recommend approval of individual contracts based on the threshold established in this policy.

Head of business units	Exercise delegation of authority on the award of individual contracts within the limits of their authority.
Procurement units	Ensure that each individual contract signed by UNDP includes all necessary information, particularly the insurance beneficiary of the individual contractor.
Procurement units	Establish individual contractors as vendors in Atlas and issue contracts and purchase order in Atlas corresponding to the payment of fees as per contract terms
Procurement units	Ensure that each individual contract signed by UNDP includes all necessary information, particularly the insurance beneficiary of the individual contractor.
Procurement /Operations/Requesting Units	Facilitate contract administration tasks such as travel arrangements, medical clearance and visas, as appropriate.
Managers of requesting units	Monitor the performance of the consultant, establish and authorize contract amendments if required.
Procurement units	Implement any x that may be requested and authorized by the requisitioner.
Managers of requesting units	Certify completion of milestone outputs/deliverables, and authorize disbursement of corresponding payments.
Finance Units	Make payments to individual contractors against a fully completed and duly authorized Certification of Payment Form.
Managers of requesting units	Complete performance evaluation upon conclusion of assignment.
Procurement units	Maintain appropriate documentation and records of the process for audit purposes.
Procurement units	Maintain and update a roster of qualified, pre-screened subscribers and well-performed ICs (together with other UN agencies as appropriate)
Procurement Services Unit	Provide the policy and instruments to administer, oversee and monitor the correct and appropriate use of the individual contract modality.
Procurement Services Unit	Provide policy clarifications and interpretation where needed.
Legal Support Office	Respond to legal questions involving interpretation and/or application of terms and conditions of an individual contract.
Legal Support Office	Provide guidance on suspension or termination, especially when the individual contractor's breach is the grounds for such termination.
Legal Support Office	Offer legal advice regarding contract disputes between UNDP and an individual contractor, especially when such are not resolved amicably and manage arbitration proceedings, if any.
Office of Audit and Investigations	Audit the use of individual contracts by users with delegated authority and report on its findings.

Solicitation

Contents

Solicitation Process	2
Standard Solicitation Documents	2
General Instructions.....	3
Situation of Potential Conflicts of Interest	3
Cost of Preparing the Offer	4
Language of the Offer	4
Structure of the Offer	5
Joint Ventures, Consortia or Associations	7
Security Instruments.....	8
Financial Proposal	11
Currency of the Offer	11
Advanced Payment	11
Validity of Offers	12
Amending an Offer.....	12
Submission of Alternative Offer.....	12
Withdrawal, Substitution, and Modification of Offer.....	12
Obtaining Clarification	13
Offeror’s Conference	13
UNDP’s Right to Accept, Reject, or Render Non-Responsive Any or All Offer.....	13
Right to Vary Requirements at the Time of Award.....	14

Solicitation Process

1. Upon determination of which procurement method, such as Micropurchasing, Request for Quotation (RFQ), Invitation for Bid (ITB), Request for Proposal (RFP), is the most appropriate for the requirements, solicitation documents shall be developed to assist the Business Units in obtaining offers for the intended programme. Although the details and complexity of the solicitation documents vary according to the nature and value of the requirements, they contain all information necessary to prepare a responsive offer, proposal or quotation that should provide the best value for the required inputs.

Standard Solicitation Documents

2. Solicitation documents generally include the following minimum information:
 - a. A letter of invitation to submit an offer;
 - b. Instructions to the offerors (i.e., language, currencies, deadlines, documents required, procedures, etc.);
 - c. Standard form for the submission of the offer (i.e., offer, proposal, quotation)
 - d. Standard form of the proposed contract that will be concluded with the successful offeror (i.e. purchase order, contract for professional services, etc.);
 - e. Conditions of contract, both general and special;
 - f. Technical specifications or Terms of Reference (TOR) or Statement of Works describing the detailed requirements;
 - g. Evaluation criteria; and
 - h. Minimum qualification requirements and documents evidencing compliance of offeror with such requirements.
3. Solicitation documents should clearly define the scope of supply/work to be performed, the location of the work, the goods to be supplied/services to be rendered; the place of delivery or installation, a schedule for delivery or completion, minimum performance requirements, and the warranty and maintenance requirements, as well as any other pertinent terms and conditions. Where appropriate, the documents should also define the tests, standards and methods that will be applied to assure the conformity of delivered equipment, performed civil works or services, in accordance to the specifications, TOR, or Statement of Works for construction requirements.
4. In order to ensure consistency, Business Units are encouraged to use the standard templates developed by the Procurement Support Unit when drafting solicitation documents for the following procurement methods:

- a. [MICROPURCHASING](#)
- b. [REQUEST FOR QUOTATION \(for goods\)](#)
- c. [REQUEST FOR PROPOSAL \(for services less than 200k\)](#)
- d. [REQUEST FOR PROPOSAL \(for services 200k and above\)](#)
- e. [INVITATION TO BID](#)

General Instructions

5. When UNDP solicits an offer or proposal, offerors are expected to strictly adhere to all the requirements as defined in the solicitation documents. No changes, substitutions or other alterations to the rules and provisions stipulated in this RFQ/ITB/RFP may be made or assumed unless it is instructed or approved in writing by UNDP in the form of Supplemental Information.
6. On the other hand, when an offeror submits an offer, the mere act of submission is deemed as an acknowledgement by the offeror that all obligations stipulated in the solicitation document will be met. Unless specified otherwise, the offeror also recognizes that he/she has read, understood and agreed to all the instructions in the solicitation document.
7. However, all offers received by UNDP does not constitute or imply the acceptance of any Offer by UNDP. As such, UNDP is under no obligation to award a contract to any Offeror as a result of a solicitation process.

Situation of Potential Conflicts of Interest

8. In a solicitation process, UNDP requires all offerors to conduct themselves in a professional, objective and impartial manner, and they must at all times hold UNDP's interests paramount. They must strictly avoid conflicts with other assignments or their own interests, and act without consideration for future work. All offerors found to have a conflict of interest should be disqualified.
9. Without limitation on the generality of the above, offerors, and any of their affiliates, shall be considered to have a conflict of interest with one or more parties in this solicitation process, if they:
 - a. are, or have been associated in the past, with a firm or any of its affiliates which have been engaged by UNDP to provide services for the preparation of the design, Schedule of Requirements and Technical Specifications, Terms of Reference, cost analysis/estimation, and other documents to be used for the procurement of the goods/services/works in a selection process;

- b. were involved in the preparation and/or design of the programme/project related to the goods/ services being procured; or
 - c. are found to be in conflict for any other reason, as may be established by, or at the discretion of, UNDP. In the event of any uncertainty in the interpretation of what is potentially a conflict of interest, offerors must disclose the condition to UNDP and seek UNDP's confirmation on whether or not such conflict exists.
10. Other information that an offeror must disclose in the offer includes, but need not be limited to, the following:
- a. Offerors who are owners, part-owners, officers, directors, controlling shareholders, or key personnel who are family of UNDP staff involved in the procurement functions and/or the Government of the country or any Implementing Partner receiving the goods/services/works being procured; and
 - b. Others that could potentially lead to actual or perceived conflict of interest, collusion or unfair competition practices.
11. Failure of such disclosure may result in the rejection of the offer.
12. When the offeror is wholly or partly owned by a Government, its eligibility shall be subject to UNDP's further evaluation and review of various factors such as being registered as an independent entity, the extent of Government ownership/share, receipt of subsidies, mandate, access to information in relation to the solicitation, and others that may lead to undue advantage against other offerors.

Cost of Preparing the Offer

13. The Offeror shall bear any and all costs related to the preparation and/or submission of the offer, regardless of whether its offer was selected or not. UNDP shall in no case be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.

Language of the Offer

14. The Offer shall also be in a language indicated by UNDP in the solicitation document. Where there are documents that are not written in the UNDP preferred language, they shall be translated in the offer. For purposes of interpretation of the Offer, and in the event of discrepancy or inconsistency in meaning, the version translated into the preferred language shall govern. Upon conclusion of a contract, the language of the contract shall govern the relationship between the contractor and UNDP.

Structure of the Offer

15. Unless otherwise stated in the solicitation document, the offer shall generally consist of the following:
 - a. **Expertise of Firm/Organization:** this section should provide details regarding management structure of the organization, organizational capability/resources, and experience of organization/firm, the list of projects/contracts (both completed and on-going, both domestic and international) which are related or similar in nature to the requirements, manufacturing capacity of plant if Offeror is a manufacturer, authorization from the manufacturer of the goods, if Offeror is not a manufacturer, and proof of financial stability and adequacy of resources to complete the delivery of goods and/or provision of the services required. The same shall apply to any other entity participating in the RFQ/ITB/RFP as a Joint Venture or Consortium.
16. The Offeror shall furnish UNDP with documentary evidence of its status as an eligible and qualified vendor. In order to award a contract to an Offeror, its qualifications must be documented to UNDP's satisfactions. These include, but are not limited to the following:
 - i. That, in the case of an Offeror offering to supply goods under the Contract which the Offeror did not manufacture or otherwise produce, the Offeror has been duly authorized by the goods' manufacturer or producer to supply the goods in the country of final destination;
 - ii. That the Offeror has the financial, technical, and production capability necessary to perform the Contract; and
 - iii. That, to the best of the Offeror's knowledge, it is not included in the UN 1267 List or the UN Ineligibility List, nor in any and all of UNDP's list of suspended and removed vendors.
17. Offers submitted by two (2) or more Offerors shall all be rejected by UNDP if they are found to have any of the following:
 - i. they have at least one controlling partner, director or shareholder in common; or
 - ii. any one of them receive or have received any direct or indirect subsidy from the other/s; or
 - iii. they have the same legal representative for purposes of the specific procurement process; or

- iv. they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about, or influence on the Offer of, another Offeror regarding the specific procurement process;
 - v. they are subcontractors to each other's Offer, or a subcontractor to one Offer also submits another Offer under its name as lead Offeror; or
 - vi. an expert proposed to be in the Offer of one Offeror participates in more than one Offer received for a particular procurement process. This condition does not apply to subcontractors being included in more than one Offer.
- b. For Goods or Works:** Technical Specifications and Implementation Plan – this section should demonstrate the Offeror's response to the Schedule of Requirements and Technical Specifications by identifying the specific components proposed; how each of the requirements shall be met point by point; providing a detailed specification and description of the goods required, plans and drawings where needed; the essential performance characteristics, identifying the works/portions of the work that will be subcontracted; a list of the major subcontractors, and demonstrating how the Offer meets or exceeds the requirements, while ensuring appropriateness of the Offer to the local conditions and the rest of the project operating environment during the entire life of the goods provided. Details of technical Offer must be laid out and supported by an Implementation Timetable, including Transportation and Delivery Schedule where needed, that is within the duration of the contract. Offerors must be fully aware that the goods/works and related services that UNDP require may be transferred, immediately or eventually, by UNDP to the Government partners, or to an entity nominated by the latter, in accordance with UNDP's policies and procedures. All Offerors are therefore required to submit the following in their Offers:
- i. A statement of whether any import or export licenses are required in respect of the goods to be purchased or services to be rendered, including any restrictions in the country of origin, use or dual use nature of the goods or services, including any disposition to end users;
 - ii. Confirmation that the Offeror has obtained license of this nature in the past, and have an expectation of obtaining all the necessary licenses, should their Offer be rendered the most responsive; and
 - iii. Complete documentation, information and declaration of any goods classified or may be classified as "Dangerous Goods"

- c. **For Services:** Proposed Methodology, Approach and Implementation Plan - this section should demonstrate the Offeror's response to the Terms of Reference by identifying the specific components proposed, how the requirements shall be addressed, as specified, point by point; providing a detailed description of the essential performance characteristics proposed; identifying the works/portions of the work that will be subcontracted; and demonstrating how the proposed methodology meets or exceeds the specifications, while ensuring appropriateness of the approach to the local conditions and the rest of the project operating environment. This methodology must be laid out in an implementation timetable that is within the duration of the contract.
 - d. **Management Structure and Key Personnel:** This section should include the comprehensive curriculum vitae (CVs) of key personnel that will be assigned to support the implementation of the technical Offer, clearly defining their roles and responsibilities. CVs should establish competence and demonstrate qualifications in areas relevant to the requirements.
18. In complying with this section, the Offeror assures and confirms to UNDP that the personnel being nominated are available to fulfil the demands of the Contract during its stated full term. If any of the key personnel later becomes unavailable, except for unavoidable reasons such as death or medical incapacity, among other possibilities, UNDP reserves the right to render the Offer non-responsive. Any deliberate substitution of personnel arising from unavoidable reasons, including delay in the implementation of the project of programme through no fault of the Offeror, shall be made only with UNDP's acceptance of the justification for substitution, and UNDP's approval of the qualification of the replacement who shall be either of equal or superior credentials as the one being replaced.

Joint Ventures, Consortia or Associations

19. If the Offeror is a group of legal entities that will form or have formed a joint venture, consortium or association at the time of the submission of the Offer, they shall confirm in their Offer that : (i) they have designated one party to act as a lead entity, duly vested with authority to legally bind the members of the joint venture jointly and severally, and this shall be duly evidenced by a duly notarized Agreement among the legal entities, which shall be submitted along with the Offer; and (ii) if they are awarded the contract, the contract shall be entered into, by and between UNDP and the designated lead entity, who shall be acting for and on behalf of all entities that comprise the joint venture.
20. After the Offer has been submitted to UNDP, the lead entity identified to represent the joint venture shall not be altered without the prior written consent of UNDP. Furthermore, neither the lead entity nor the member entities of the joint venture can:
- a. Submit another Offer, either in its own capacity; nor

- b. As a lead entity or a member entity for another joint venture submitting another Offer.
- 21. The description of the organization of the joint venture/consortium/association must clearly define the expected role of each of the entity in the joint venture in delivering the requirements of the RFQ/ITB/RFP, both in the Offer and in the Joint Venture Agreement. All entities that comprise the joint venture shall be subject to the eligibility and qualification assessment by UNDP.
- 22. Where a joint venture is presenting its track record and experience in a similar undertaking as those required in the RFQ/ITB/RFP, it should present such information in the following manner:
 - a. Those that were undertaken together by the joint venture; and
 - b. Those that were undertaken by the individual entities of the joint venture expected to be involved in the performance of the requirements defined in the RFQ/ITB/RFP.
- 23. Previous contracts completed by individual experts working privately but who are permanently or were temporarily associated with any of the member firms cannot be claimed as the experience of the joint venture or those of its members, but should only be claimed by the individual experts themselves in their presentation of their individual credentials.
- 24. If the Offer of a joint venture is determined by UNDP as the most responsive Offer that offers the best value for money, UNDP shall award the contract to the joint venture, in the name of its designated lead entity, who shall sign the contract for and on behalf of all the member entities.

Security Instruments

- 25. As part of risk mitigation measures, at the time of the solicitation of offers, UNDP may require any or all of the following security instruments:
 - a. **Bid/proposal security**
- 26. Business Units have the option of requiring a Bid/Proposal security, in the form of a bank guarantee, which binds an offeror to UNDP and fulfill the commitments they have made in their offer. When a Bid/Proposal Security is required, they should be based on the value and complexity of the contract.
- 27. In general, request of a Bid/Proposal security is advisable for all contracts exceeding USD 300,000. The exact amount must be determined based on the industry practices. Under no circumstance will the Bid/Proposal security be less than two (2%) percent of the estimated total contract value. However, as a matter of best practice, a Bid/Proposal security must always be stated as a specific sum rather than as a percentage of the contract amount.

28. If such security is requested, a standard Bid/Proposal Security Form should be part of the solicitation documents and, if the process is an RFP, the Proposal Security must be inside the Technical Proposal, and not in the Financial Proposal.
29. The recommended period of validity for the security shall equal the period of validity of the tender plus the time allowed for the Offeror to provide the performance security, where the RFP or ITB so requires, under the terms of the eventual contract between UNDP and the Offeror. Depending on the complexity of goods, civil works or services to be procured a sufficient validity time of approximately 30 to 90 days is acceptable to evaluate Offers or proposals.
30. Where a Bid/Proposal security has been requested, such security shall be:
 - I. released to unsuccessful Offerors once the contract has been signed with the successful offeror; or
 - II. claimed and liquidated by UNDP if:
 - The Offeror withdraws its offer during the period of the Offer Validity; or
 - If the Bid/Proposal Security amount is found to be less than what is required by UNDP; or
 - If the successful Offeror fails to sign the Contract after UNDP has awarded it; or to comply with UNDP's variation of requirement; or to furnish UNDP with a Performance Security, insurances, or other documents that UNDP may require as a condition to rendering effective the contract that may be awarded to the Offeror.

b. Performance security

31. All contracts exceeding USD 500,000 require a performance security in an amount sufficient to protect UNDP in the case of breach of contract by the Contractor. However, UNDP may require it for contracts lower than this amount depending on the potential cost of non-performance/breach of contract, the degree of risks involved in the performance of the work, and other factors, including but not limited to, performance history of the selected Offeror/s.
32. The amount of the performance security may vary, depending on the nature and complexity of the requirements, and the magnitude of the risks. However, the recommended performance security should equal at least ten (10) percent of the total contract amount. A performance security is retained to extend sufficiently beyond the date of completion or receipt to cover defects or maintenance up to final acceptance by

UNDP. In addition to the provision of a guarantee to protect against non-performance of a contract, such security may also cover warranty obligations, and any installation or commissioning requirements.

33. A performance security should be denominated in the currency of the contract and shall only be in one of the following forms:
- i. bank guarantee or irrevocable letter of credit, issued by a reputable bank;
 - ii. cashier's cheque or certified cheque;
 - iii. performance bond; or
 - iv. percentage of total payment held as retention money until final certification of acceptance of all contract outputs/deliverables. The term "acceptance" shall not be equated with "mere receiving" of outputs/deliverables.
34. The performance security shall be returned to the Contractor within 30 days after the completion of the contract, including any warranty obligations or defects liability period as may be agreed in the contract.

c. Liquidated damages (LD)

35. Liquidated damages refer to the amount which the Contractor must pay UNDP for the damages caused to UNDP resulting from the Contractor's breach of its obligations as per Contract. It is commonly used in the procurement of goods/works, but where delays and deviations will cause serious consequences to UNDP, but they may also be applied to services, if the nature and context of the requirement justifies. The application of LD is optional, as there may be procurement cases where reasonable delays do not pose serious risks.
36. The purpose of LD is to avoid lengthy discussions and disputes over the amount of actual damages once the aggrieved party (e.g., UNDP) can prove breach of contract.
37. When imposing LD, the amount must be determined based on good faith, and not as a means to penalize the Contractor. The most logical basis therefore is an estimate of the actual damages that will ensue from the breach of the Contract. However, in many cases, that is not easy to determine. Hence, the best practice has so far been the combined application of the following:
- i. the use of fixed percentage of the contract value, applicable on the unit of time (e.g., per day or per week) of delay;
 - ii. the setting of a reasonable maximum limit of such damages (e.g., up to 10% of the contract value, or up to 60 days of delay); and

- iii. the consequence of exceeding the limit (e.g., termination of contract, cancellation of PO, etc.)

38. An example of LD clause therefore would be: "0.5% of contract for every day of delay, up to a maximum duration of 1 calendar month. Thereafter, the contract may be terminated".

Financial Proposal

39. The Financial Proposal shall list all major cost components associated with the goods/services/works, and the detailed breakdown of such costs. All outputs and activities described in the offer must be priced separately on a one-to-one correspondence. Any output and activities described in the offer but not priced in the Financial Proposal, shall be assumed to be included in the prices of other activities or items, as well as in the final total price.

Currency of the Offer

40. All prices shall be quoted in the currency indicated in the RFQ/ITB/RFP. However, where Offers are quoted in different currencies, for the purposes of comparison of all Offer, the following actions will be undertaken:
- a. UNDP will convert the currency quoted in the Offer into the UNDP preferred currency, in accordance with the prevailing UN operational rate of exchange on the last day of submission of Offer; and
 - b. In the event that the Offer found to be the most responsive to the RFQ/ITB/RFP requirement is quoted in another currency different from the preferred currency, then UNDP shall reserve the right to award the contract in the currency of UNDP's preference, using the conversion method specified above.

Advanced Payment

41. Except when the interests of UNDP so require, it is the UNDP's preference to make no advanced payment(s) on contracts (i.e., payments without having received any outputs), and this should be communicated to the prospective offerors as early as the time of solicitation.
42. In the event that the Offeror requires an advanced payment upon contract signature, and if such request is duly accepted by UNDP, the said advanced payment must not exceed 20% of the total Offer price, or the amount of USD 30,000, whichever is lower. In the event that an exception to this must be made, UNDP shall require the Offeror to submit a Bank Guarantee in the same amount as the advanced payment. A bank guarantee for advanced payment shall be furnished using the standard UNDP template for this purpose.

Validity of Offers

43. The Offer received by UNDP shall remain valid for the period specified in the RFQ/ITB/RFP. An Offer valid for a shorter period shall be immediately rejected by UNDP and rendered non-responsive.
44. In exceptional circumstances, prior to the expiration of the Offer validity period, UNDP may request Offerors to extend the period of validity of their Offer. The request and the responses shall be made in writing, and shall be considered integral to the Offer.

Amending an Offer

45. At any time prior to the deadline for submission of the offer, UNDP may, for any reason, such as in response to a clarification requested by an offeror, modify the RFQ/ITB/RFP in the form of a Supplemental Information. All prospective offerors will be notified in writing of all changes/amendments and additional instructions through Supplemental Information.
46. In order to afford prospective offerors reasonable time to consider the amendments in preparing their offer, UNDP may, at its discretion, extend the deadline for submission of offer, if the nature of the amendment to the RFQ/ITB/RFP justifies such an extension.

Submission of Alternative Offer

47. Unless otherwise specified in the RFQ/ITB/RFP, alternative Offer shall not be considered. Where the conditions for its acceptance are met, or justifications are clearly established, UNDP reserves the right to award a contract based on an alternative Offer.

Withdrawal, Substitution, and Modification of Offer

48. Offerors are expected to have sole responsibility for taking steps to carefully examine in detail the full consistency of its Offer to the requirements of the RFQ/ITB/RFP, keeping in mind that material deficiencies in providing information requested by UNDP, or the lack of clarity in the description of goods and related services to be provided, may result in the rejection of the Offer. The Offeror shall assume any responsibility regarding erroneous interpretations or conclusions made by the Offeror in the course of understanding the RFQ/ITB/RFP out of the set of information furnished by UNDP.
49. An Offeror may withdraw, substitute or modify its Offer after it has been submitted by sending a written notice duly signed by an authorized representative, and shall include a copy of the authorization (or a Power of Attorney). The corresponding substitution or modification of the Offer must accompany the respective written notice. Offers requested to be withdrawn shall be returned unopened to the Offerors.

50. However, all notices must be received by UNDP prior to the deadline for submission and submitted in accordance with the instructions of the RFQ/ITB/RFP. No Offer may be withdrawn, substituted, or modified in the interval between the deadline for submission of Offer and the expiration of the period of Offer validity specified by the Offeror on the Bid/Proposal or any extension thereof.

Obtaining Clarification

51. Offerors may request UNDP for clarification of any of the provisions of the solicitation document, but only for a period of time allowed within the solicitation timeline. Any request for clarification must be sent in writing via courier or through electronic means to the UNDP and UNDP must respond in writing, transmitted by electronic means. Copies of the response must also be transmitted to all other offerors who have provided confirmation of their intention to submit an offer, including a narration of the query but without identifying the source of inquiry.
52. UNDP shall endeavour to provide such responses to clarifications in an expeditious manner, but any delay in such response shall not cause an obligation on the part of UNDP to extend the submission date of the offer, unless UNDP deems that such an extension is justified and necessary.

Offeror's Conference

53. When appropriate, an Offeror's conference will be conducted at the date, time and location specified in the RFQ/ITB/RFP. While all Offerors are encouraged to attend, their non-attendance, however, shall not result in disqualification of an interested Offeror.
54. Minutes of the Offeror's conference will be either posted on the UNDP website, or disseminated to the individual firms who have registered or expressed interest with the contract, whether or not they attended the conference. No verbal statement made during the conference shall modify the terms and conditions of the RFQ/ITB/RFP unless such statement is specifically written in the Minutes of the Conference, or issued/posted as an amendment in the form of a Supplemental Information to the RFQ/ITB/RFP.

UNDP's Right to Accept, Reject, or Render Non-Responsive Any or All Offer

55. UNDP reserves the right to accept or reject any Offer, to render any or all of the Offers as non-responsive, and to reject all Offers at any time prior to award of contract, without incurring any liability, or obligation to inform the affected Offeror(s) of the grounds for UNDP's action. Furthermore, UNDP is not obligated to award the contract to the lowest price offer.
56. UNDP shall also verify, and immediately reject their respective Offer, if the Offerors are found to appear in the UN's Consolidated List of Individuals and Entities with Association to Terrorist Organizations, in the List of Vendors Suspended or Removed from the UN Secretariat Procurement Division Vendor Roster, the UN Ineligibility List, and other such lists that as may be established or recognized by UNDP policy on Vendor Sanctions.

Right to Vary Requirements at the Time of Award

57. At the time of award of Contract, UNDP reserves the right to vary the quantity of the goods and/or services, by up to a maximum twenty five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.

58. Definition of Terms

- a. Offer – the Offeror’s response to the Invitation to Offer, including the Offer Submission Form, Technical Offer and Price Schedule and all other documentation attached to the Offer.
- b. Offeror – any legal entity that may submit, or has submitted, a Offer for the supply of goods and provision of related services requested by UNDP.
- c. Contract – the legal instrument that will be signed by and between the UNDP and the successful Offeror/Proposer, all the attached documents thereto, including the General Terms and Conditions (GTC) and the Appendices.
- d. Country – the country for which UNDP the goods and services being procured will be needed.
- e. Data Sheet – the section of the Instructions to Offerors/Proposers used to reflect conditions of the tendering process that are specific to what is being procured at a given solicitation process.
- f. Goods – any tangible product, commodity, article, material, wares, equipment, assets or merchandise that UNDP requires in a procurement process.
- g. Government – the Government of the country where the goods/services/works being procured will be delivered or undertaken, as specified in the RFQ, ITB or RFP.
- h. Instructions to Offerors/Proposers – the complete set of documents which provides Offerors/Proposers with all information needed and procedures to be followed in the course of preparing their Offer/Proposal.
- i. ITB – the Invitation to Offer consisting of instructions and references prepared by UNDP for purposes of selecting the best supplier or service provider to fulfil the requirement indicated in the Schedule of Requirements and Technical Specifications.
- j. Material Deviation – any content or characteristic of the Offer that is significantly different from an essential aspect or requirement of the ITB/RFP, and (i) substantially alters the scope and quality of the requirements; (ii) limits the rights of UNDP and/or the obligations of the offeror; and (iii) adversely impacts the fairness and principles

of the procurement process, such as those that compromise the competitive position of other offerors.

- k. Offer – a generic term used to collectively refer to Offers, quotes, and proposals.
- l. Offeror – a generic term used to collectively refer to Offerors, proposers, and/or vendors who have formally expressed interest in a procurement opportunity in UNDP.
- m. Proposal – the Proposer’s response to the Request for Proposal, including the Proposal Submission Form, Technical and Financial Proposal and all other documentation attached thereto as required by the RFP.
- n. Proposer – any legal entity that may submit, or has submitted, a Proposal for the provision of services requested by UNDP through an RFP.
- o. RFP – the Request for Proposals consisting of instructions and references prepared by UNDP for purposes of selecting the best service provider to perform the services described in the Terms of Reference.
- p. Schedule of Requirements and Technical Specifications – the document included in this ITB which lists the goods required by UNDP, their specifications, the related services, activities, tasks to be performed, and other information pertinent to UNDP’s receipt and acceptance of the goods.
- q. Services – the entire scope of tasks and deliverables requested by UNDP under an RFP, or the scope of tasks related or ancillary to the completion or delivery of the goods, as required by UNDP under the ITB or RFQ.
- r. Supplemental Information to the ITB/RFP – a written communication issued by UNDP to prospective Offerors/Proposers containing clarifications, responses to queries received from prospective Offerors/Proposers, or changes to be made in the ITB/RFP, at any time after the release of the ITB/RFP but before the deadline for the submission of Offer/Proposal.
- s. Terms of Reference (TOR) – the document included in the RFP which describes the objectives, scope of services, activities, tasks to be performed, respective responsibilities of the proposer, expected results and deliverables and other data pertinent to the performance of the range of duties and services expected of the successful proposer.

Compliance Covenants

1. DEFINITIONS

Coercive Practice: the impairing or harming, or threatening to impair or harm, directly or indirectly, any Person or the property of the person with a view to influencing improperly the actions of a person.

Collusive Practice: an arrangement between two or more Persons designed to achieve an improper purpose, including to influence improperly the actions of another Person.

Corrupt Practice: the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any Person, with the intention of influencing the actions of any Person or causing any Person to refrain from any action.

Designated Categories of Offences: the following categories of offences as defined in internationally accepted standards: participation in an organized criminal group and racketeering; terrorism, including financing of terrorism; trafficking in human beings and migrant smuggling; sexual exploitation, including sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder, grievous bodily injury; kidnapping, illegal restraint and hostage-taking; robbery or theft; smuggling (including in relation to customs and excise duties and taxes); tax crimes (related to direct taxes and indirect taxes); extortion; forgery; piracy; insider trading and market manipulation.

Fraudulent Practice: any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a Person to obtain a financial benefit or to avoid an obligation.

Illicit Origin: the origin of funds obtained through

- a) any offence listed in the Designated Categories of Offences;
- b) any Corrupt Practice;
- c) any Fraudulent Practice; or
- d) money laundering.

Obstructive Practice: (i) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or the making of false statements to investigators, in order to

materially impede an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, or threatening, harassing or intimidating any Person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) any act intended to materially impede the exercise of KfW's access to contractually required information in connection with an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

Disclosure Limitations: The Parties acknowledge and agree that KfW's access to contractually required/project-related information from the Project-Executing Agency shall be subject to (a) The privileges and immunities of the United Nations and (b) The United Nations Single Audit Principle.

Furthermore, the Project-Executing Agency shall not disclose such contractually required/project-related information if (also defined as "**Disclosure Limitations**"):

(a) This disclosure could threaten the safety, security or due process rights of any individual or Member State of the United Nations or the political relationship of the Project-Executing Agency with Member States of the United Nations;

(b) This disclosure is covered by legal privilege.

Finally, the Parties further acknowledge and agree that the Parties are respectively not obliged to provide original or copies of confidential and/or transactional procurement documents to each other. However, the Party in possession of the confidential and/or transactional procurement documents will present, upon request by the other party and subject to the aforementioned limitations and the considerations made above in this clause, a comprehensible reporting summary of facts and information relevant to the other party contained in such documents.

Person: any natural person, legal entity, partnership or unincorporated association.

Sanctionable Practice: any Coercive Practice, Collusive Practice, Corrupt Practice, Fraudulent Practice or Obstructive Practice (as such terms are defined herein), which (i) is unlawful under any applicable law, and (ii) which has, or potentially could have, a material legal or reputational effect on this Agreement between the Project-Executing Agency and KfW or its implementation.

2. INFORMATION UNDERTAKING

Subject to the privileges and immunities of the United Nations, the UN Single Audit and the Disclosure Limitations the Project-Executing Agency shall

- a) promptly make available through a report to KfW on demand all relevant "know your customer" or similar information about the Project-Executing Agency as KfW may request;
- b) promptly furnish to KfW on demand all project-related information and documents (or a reporting summary of such information and documents) of the Project-Executing Agency and its (sub)contracting and other related parties which KfW requires to fulfil its

obligations to prevent any Sanctionable Practice, money laundering and/or terrorism financing as well as for the continuous monitoring of the business relationship with the Project-Executing Agency which is necessary for this purpose;

- c) inform KfW, promptly and of its own accord, as soon as it becomes aware of any credible allegations of Sanctionable Practice, act of money laundering and/or terrorism financing related to the Project;
- d) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request for the purposes of this Annex; and
- e) enable KfW and its agents at any time to evaluate the Project being implemented by the Project-Executing Agency and its (sub)contracting and other related parties, and to visit the Project and all installations related thereto for the purposes of this Annex. The costs of such evaluation and visits shall be borne by KfW.

3. REPRESENTATION AND WARRANTIES

3.1 With regard to any applicable law, the Project-Executing Agency represents and warrants that the following is true and correct:

- a) In entering into and implementing this Project Agreement the Project-Executing Agency acts in its own name and for its own account.
- b) To the best of its knowledge and only in relation to the shareholders known to the Project-Executing Agency pursuant to applicable stock market regulations, neither the Project-Executing Agency's equity nor the funds invested in the Project are of Illicit Origin.
- c) None of the Project-Executing Agency, its affiliates, subsidiaries or any other Person acting on its or their behalf, has committed or is engaged in any Sanctionable Practice, money laundering or financing of terrorism.

3.2 The representation and warranty set forth in this Article is made for the first time by execution of this Agreement. It will be deemed to be repeated upon each drawing of the financial contribution by reference to the circumstances prevailing at that date.

4. POSITIVE UNDERTAKINGS

Subject to the privileges and immunities of the United Nations, the United Nations Single Audit Principle and the Disclosure Limitations, the Project-Executing Agency undertakes, as soon as the Project-Executing Agency or KfW becomes aware of or suspects any Sanctionable Practice, act of money laundering or financing of terrorism, to fully cooperate with KfW and its agents, in determining whether such compliance incident has occurred. In particular, the Project-Executing Agency shall respond promptly and in reasonable detail to any notice from KfW and shall furnish documentary support for such response upon KfW's request.

5. UNDERTAKINGS REGARDING SANCTIONS

- 5.1 The Project-Executing Agency represents that it does not maintain any business relationship or has not engaged in any other activity (i) with or in favour of persons, organisations or entities which are listed on a sanctions list issued by the United Nations Security Council ("Sanctions Lists"), or (ii) which would constitute a breach of embargoes regulating foreign trade or of so-called financial sanctions issued by the aforementioned institution (together "Sanctions").

The Project-Executing Agency will not enter into or continue any business relationship with persons, organisations or entities listed on a Sanctions List and will not engage in any other activity that would constitute a breach of Sanctions.

The Project-Executing Agency will inform KfW, promptly and of its own accord, of the occurrence of any event which results in (i) the Project-Executing Agency, (ii) any member of its management bodies or (iii) other governing bodies or any of its shareholders, being listed on a Sanctions List.

- 5.2 With regard to sanctions obligations, the Project-Executing Agency will ensure that the funds provided in connection with the implementation of the Project will only be transferred to the beneficiaries and contractors through financial institutions that have been agreed upon by UNDP and KfW as having met the relevant transaction screening requirements.