



Directorate of Corporate Management and Operations

Distribution: All staff members at Headquarters and established offices

ADMINISTRATIVE INSTRUCTION

Procurement Manual

1. The present administrative instruction is issued pursuant to UNIDO financial rule 112.1.1 in order to amplify the provisions of the financial rules related to contracts and purchases (rules 109.5.1 to 109.5.9) through the introduction of a revised Procurement Manual.
2. The Procurement Manual has been revised to take account of updated rules, administrative issuances and procedures as well as best procurement practices. Due consideration was also given to UNIDO's thematic priorities and related new business modalities. Furthermore, the Manual continues to provide guidance in support of the procurement processes that are carried out through the Supplier Relationship Management (SRM) module in the ERP system.
3. It should be noted that the special provisions in regard of project execution agreements, which were contained in chapter 23 of the former Procurement Manual, AI/2018/04, dated 1 July 2018, have been revised and promulgated under the new Grants Manual, AI/2021/04, dated 6 December 2021.
4. For further information, please contact Mr. Michael Dethlefsen, Chief, Procurement Services Division, telephone: + 43 1 26026 4831, email: m.dethlefsen@unido.org.
5. This instruction supersedes administrative instruction AI/2018/04, dated 1 July 2018, and takes effect immediately.



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



PROCUREMENT MANUAL

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This document has been produced without formal United Nations editing. This document provides guidance for colleagues and bodies involved in all the stages of UNIDO procurement processes.

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1. Introduction

1. In managing the funds provided by its Member States and funding partners, UNIDO is expected to comply with relevant regulations and rules of the Organization and public procurement principles. It is required of UNIDO that funds entrusted in its care for carrying out its activities are used effectively and efficiently by upholding fiduciary standards. The Procurement Manual provides principles, guidance and procedures for the Organization to attain those standards in the procurement process. The principles of fairness, transparency, integrity, economy, efficiency and effectiveness must be applied in all procurement processes.

2. UNIDO's procurement policies, procedures and practices are governed by the financial regulations and rules of UNIDO.

3. This Procurement Manual is intended to provide direction and guidance on UNIDO's procurement policies and procedures to all staff members, ISA holders and individuals involved in the various stages of the procurement cycle. It also explains the responsibility and accountability of those individuals involved in the procurement process, in line with public procurement principles.

4. Staff members, ISA holders and individuals, as further defined herein, are required to comply with the provisions of this Manual.

5. The Procurement Services Division provides day-to-day advice and guidance on UNIDO's procurement policies, principles and procedures and their interpretation, in consultation with the Office of Legal Affairs, where necessary.

6. The Procurement Manual is a living document, which may be amended from time to time as deemed necessary, to reflect changes in best practice supply chain management and/or evolving trends within the United Nations system of organizations. Any changes will be promulgated in accordance with established procedures.

7. The Procurement Manual provides links to reference documents, e-learning material and standard templates.

1.1 Definition and Scope of Procurement

8. Procurement is defined as the overall process of acquiring goods, works, and services, which includes all related functions including planning, forecasting, supply chain management, identification of needs, sourcing and solicitation of offers, preparation and award of contract, as well as contract administration until the final discharge of all obligations as defined in the relevant contract(s). The procurement process covers activities necessary for the purchase, rental, lease or sale of goods, services, and other requirements such as works and property.

9. The scope of procurement¹ is limited to activities involving legal entities and does not include the selection and administration of personnel which fall under the domain of the Department of Human Resources Management.

2. Procurement Principles

10. The following four principles shall be given due consideration when undertaking the procurement functions of UNIDO:

- Best value for money;
- Fairness, accountability, integrity and transparency of the procurement process;
- Effective competition;
- The best interest of UNIDO.

11. The key to meeting the four procurement principles lies in the procurement planning. Procurement planning is also the tool that allows managers to establish and monitor key performance indicators as well as to assess and mitigate risks that have the potential to derail set procurement targets.

2.1 Best Value for Money

12. The best value for money principle shall be applied throughout the whole procurement process. This means that the Procurement Official/Authorized Official is responsible for ensuring that the goods/services/works are procured in a competitive and transparent manner, within a reasonable time frame, meeting the end-user's requirements as well as taking into account all relevant associated costs and benefits over the whole procurement process.

13. The best value for money decisions are influenced by a number of factors, including but not limited to:

- The choice of the procurement procedure;
- Effective competition;
- Non-discrimination;
- The geographical spread of the relevant supply chain market;
- Performance;
- Risk;
- Financial and contractual considerations;
- Operating, life-cycle and disposal costs when dealing with equipment.

14. When applying the best value for money principle, Procurement Officials/Authorized Officials shall:

- (a) maximize effective competition, where relevant;
- (b) reduce risks associated with complex procurements;
- (c) carefully establish qualification requirements, exclusion criteria and evaluation criteria, as well as associated weights (if any), in order to

¹ Reimbursable loan agreements are treated as service contracts.

- select the offer with the highest expectation to meet the Organization's needs; and
- (d) ensure an impartial and comprehensive evaluation of offers in a timely manner.

2.2 Fairness, Integrity, and Transparency

15. Fairness, integrity and transparency shall be applied throughout the procurement process. All procurement activities shall be carried out based on clear and appropriate rules and procedures which are applied consistently to all bidders.

16. "Fairness": the application of the fairness principle means, among other things, that UNIDO must offer equal opportunities to all bidders by sharing the same information with all bidders at the same time and communicating the same contents on a specific procurement. In the context of public procurement, a fair process is free from favoritism, self-interest, or preference in judgment.

17. "Integrity": integrity requires an organization or individual to exhibit probity in their actions. Probity means having strong moral principles and honesty and decency in dealing with others. Integrity is reflected in truthfulness that is apparent in professional and personal undertakings and adherence to commonly accepted moral and ethical standards.

18. "Transparency": transparency means that all information on procurement policies, procedures, opportunities, and processes is clearly defined, made public, and/or provided to all interested parties concurrently. A transparent system has clear mechanisms to ensure compliance with established rules (unbiased specifications, objective evaluation criteria, standard bidding documents, equal information to all parties, the confidentiality of offers, etc.). Those mechanisms include records that are open, as appropriate, to inspection by auditors. Unsuccessful contractors for eligible bids can be briefed on the strengths and weaknesses of their own offers. Award information is disclosed publicly. Transparency ensures that any deviations from fair and equal treatment are detected early in the process, making such deviations less likely and thus protecting the integrity of the process and the interests of the Organization.

2.3 Effective Competition

19. Effective competition means that UNIDO creates equal opportunities for potential bidders to participate in UNIDO procurement activities.

20. This requires UNIDO to ensure that all information relevant to a particular procurement activity is provided to all bidders on a timely basis, without any favoritism. It also requires that bidders are not influenced to fix prices of goods and services as an attempt to hinder open international competition.

21. Effective competition is achieved under the following conditions:

- Wide advertisement of the procurement opportunity;
- Invitation to a sufficient number of independent potential bidders;
- Potential bidders that act independently of each other;
- Competition for the same business opportunity under the same conditions;
- No restrictions to open competition stipulated in the bidding documents, unless it is stipulated to fulfil a requirement of a funding partner or for any other valid reason;
- Response to the procurement opportunity by a sufficient number of bidders.

2.4 The Best Interest of UNIDO

22. Procurement in the best interest of UNIDO means carrying out procurement activities in a manner which assists UNIDO in meeting its organizational objectives and goals, in strict compliance with UNIDO financial regulations and rules and procurement principles.

3. Procurement Authority

3.1 Delegation of Procurement Authority

23. UNIDO financial rule 109.5.2(a) refers as follows:

“Unless otherwise directed by the Director General, the Managing Director, CMO (MD/CMO), is accountable to the Director General for all procurement functions of UNIDO. The MD/CMO may further delegate procurement authority to staff at Headquarters and other locations, as may be appropriate.”

24. The procurement authority is delegated in writing and given on an individual and personal basis. The written authority characteristically defines the limit of financial commitment by the Authorized Official, as well as the validity period of the procurement authority. The procurement authority and its related responsibilities are not transferable.

3.2 Levels of Delegated Procurement Authority

25. UNIDO applies centralized as well as decentralized procurement with different levels of delegated authority.

26. The thresholds of the current delegations of procurement authority are indicated in the table below:

Procurement Procedure	Official(s) With Delegated Procurement Authority		Limit of Financial Commitment
Centralized Procurement	Centralized procurement of	Staff in Procurement	Grade specific (in accordance with

	goods/services/works. Setting up Long-Term Agreements (LTAs)/Contracts. Call off from LTAs.	Services Division only (i.e. Procurement Official).	IOM by MD/CMO). For the current limits of financial commitment for each member in Procurement Services Division please click here (for internal use only).
Decentralized Procurement	Decentralized procurement of goods/services/works. Fast track procurement. Call off from LTAs.	All Project Managers/Allotment Holders at HQ or at Field Offices (e.g. URs) with delegated procurement authorization (i.e. Authorized Official).	Except for call offs from LTAs, up to €40,000 per contractor, per single requirement or series of inter-related requirements, per project, per Project Manager/Allotment Holder within any calendar year.

3.2.1 Procurement Officials/Authorized Officials

27. In respect of centralized procurement, the Authorized Officials are the Director, Department of Operational Support Services, the Chief, Contracts Officers, Procurement Officers and Assistants in the Procurement Services Division (hereinafter referred to as “Procurement Officials”).

28. In the case of decentralized procurement, Authorized Officials are normally Project Managers/Allotment Holders to whom procurement authority is delegated on an individual, personal, and non-transferable basis by the MD/CMO in accordance with Director General’s Administrative Instruction No. 6 “New Financial Authorization System” dated 13 May 1998 (paragraphs 31 and 44).

29. To view model ‘Delegation of Authority’ documents, please [click here](#) (for internal use only) for centralized procurement and [click here](#) (for internal use only) for decentralized procurement.

3.2.2 Effective Date of Delegation of Procurement Authority

30. The Delegation of Procurement Authority enters into effect on the date on which the individual, to whom the delegation has been issued, countersigns the relevant delegation of authority memorandum issued by the MD/CMO.

3.2.3 Validity of Delegation of Procurement Authority

31. For centralized procurement, the Delegation of Procurement Authority ceases once the Procurement Official is no longer in his/her function.

32. For decentralized procurement, the Delegation of Procurement Authority ceases once the Authorized Official is no longer an Allotment Holder or the delegation is withdrawn.

3.3 Responsibility of the Procurement Official/Authorized Official

33. The Procurement Official/Authorized Official shall carry out his/her duties and responsibilities with utmost care, efficiency, impartiality and integrity. Before entering into a commitment on behalf of the Organization, he/she shall ensure:

- (a) adherence to UNIDO's financial regulations and rules and this Manual;
- (b) availability of funds for the commitment;
- (c) that the intended procurement process is in the best interest of UNIDO based on the information available at the time and documented in the secure PO folder in OpenText;
- (d) that all procurement activities are properly documented and reported as per the reporting requirements.

3.4 Accountability

34. Procurement Officials/Authorized Officials having delegated procurement authority must be particularly careful to ensure that all actions undertaken by themselves or by individuals under their supervision are in compliance with the UNIDO Constitution, its financial regulations and rules, Staff Regulations and Rules, Code of Ethical Conduct, directives, and administrative instructions and policies, including this Manual.

35. Staff members are reminded of UNIDO's financial rule 101.1.2, which reads as follows: *"All UNIDO staff members are obliged to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations or Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her action in accordance with staff rule 101.06."*

36. Staff rule 101.06 reads as follows: *"Financial Responsibility. Staff members may be required to reimburse the Organization either partially or in full for any financial loss suffered by the Organization as a result of their negligence or of their failure to observe any regulation, rule or administrative instruction, as determined by the Director-General."*

3.5 Segregation of Duties/Four Eyes Principle

37. To reduce the risk of error, waste or wrongful acts and the risk of not detecting such problems, no single individual or team shall control all key stages

of a procurement process. Duties and responsibilities shall be assigned to a number of individuals to ensure that effective checks and balances are in place.

38. In UNIDO, authorities, responsibilities and duties are segregated. Related duties shall be subject to regular review and monitoring. Discrepancies, deviations and exceptions are properly regulated in the financial regulations and rules and the Staff Regulations and Rules. Clear segregation of authorities is maintained between programme/project management, procurement and supply chain management, risk management, financial management and accounting as well as auditing and internal oversight.

39. Therefore, segregation of duties is an important basic principle of internal control and must be observed throughout the procurement process. To view the related Guidance Note, please [click here](#) (for internal use only).

40. The different stages of the procurement process should be carried out, to the extent possible, by different officials with the relevant competencies. As a minimum, two officials shall be involved in carrying out the procurement process. The functions are segregated among the officials belonging to the following functions:

- Procurement Services Division: for carrying out centralized procurement, including review of technical specifications, terms of reference, and scope of works, market research/surveys, sourcing/solicitation, preliminary examination, commercial evaluation of offers, contract award, and contract management;
- Substantive Office: for initiating procurement requests on the basis of well-formulated technical specifications, terms of reference, and scope of works, ensuring availability of funds, technical evaluation of offers (preferably, different staff should be involved in defining the procurement requirements and in the technical evaluation), as well as for award recommendation, receipt of goods/services and supplier performance evaluation (jointly with the Procurement Services Division). Note: In respect of decentralized procurement, the segregation of authorities occurs between the Project Manager/Allotment Holder and his/her respective Line Manager. For Fast Track procurement, the segregation occurs between the Project Manager/Allotment Holder and the Department of Finance;
- Department of Finance: for budget allocations, funds checking, processing of payments and other finance related activities.

4. Electronic Procurement System

41. The electronic procurement system for managing procurement requirements is supported by the Supplier Relationship Management (SRM) and Material Management (MM) modules of the UNIDO Enterprise Resource Planning (ERP) system.

42. The electronic procurement system (hereinafter referred to as “SRM” or, where the context so requires, the “SRM portal” or the “SRM functionality”) is designed to support all stages of the procurement process, to allow for online monitoring and controls, as well as to generate procurement reports.

43. The following main business processes will be supported in the electronic procurement system:

- Procurement planning;
- Creation and approval of shopping carts (requisitions);
- Creation and approval of RFX events (e-tendering);
- Creation and approval of purchase orders/contracts;
- Creation and approval of Long-Term Agreements (LTAs);
- Creation and approval of call-off orders against LTAs;
- Management of purchase orders/contracts/LTAs;
- Creation and approval of confirmations;
- Procurement reporting and analytics.

44. Access to the SRM portal shall only be granted to UNIDO staff and authorized ISA holders and officials/persons who have successfully completed the procurement training/test.

45. The SRM is maintained jointly by the Information Technology Services Division and the Procurement Services Division. For SRM helpdesk contact details, please [click here](#) (for internal use only).

5. Procurement Procedures and Types of Competition

5.1 Decentralized Procurement

5.1.1 Fast Track/Low Value Procurement

46. The fast track procurement procedure allows Authorized Officials at HQ and Field Offices to manage low value procurement requirements whose intended commitments per single requirement, and for a series of inter-related requirements, does not exceed €5,000 and €40,000, respectively:

- per contractor; and
- per project (TC)/purpose (non-TC); and
- per Project Manager/Allotment Holder; and
- within the calendar year of the initial award.

47. When using the fast track procurement procedure, the following shall apply:

- In cases where there are no valid contracts (LTAs) available, every effort should be made to apply the fast track procurement procedure for all procurement requirements whose intended commitments are in accordance with the above paragraph. Notwithstanding the provisions of financial rule 109.2.3. (i.e. requirements up to €2,000 can be processed through the straight expenditure procedure), it is

strongly recommended to apply the fast track procurement procedure in such processes. All purchases above €600 should be purchased through the SRM system to enable tracking of assets;

- Processing the transaction via the SRM portal will allow for the proper recording of all assets;
- The Authorized Official must make every effort to satisfy the principle of competition. As a minimum he/she must ensure that at least one written quotation is received, confirming that such quotation is in line with applicable market rates and prices and that it represents best value for money to the Organization. The quotation(s) must include relevant details in respect of the procurement requirement, including but not limited to price, quantity, delivery, time, etc. In case the details of the quotation were conveyed verbally (e.g. by phone or in person), this should be confirmed in writing, either by mail, fax or e-mail, and the Project Manager/Allotment Holder shall upload the details in the secured PO folder in OpenText, stating the details of the quotation and confirming that he/she has obtained the best reasonable price/conditions in good faith.

48. The SRM portal provides the following steps for fast track procurement:

Shopping Cart: Creation, uploading of quotation(s) and relevant documentation by project team members and approval by the Authorized Official in SRM.



Purchase Order: Automatic creation, approval and issuance of the purchase order in SRM.



Goods/Services Receipt: Creation of the confirmation in SRM by project team members and approval by the Project Manager/Allotment Holder.

49. For step-by-step guidance on fast track procurement in SRM, please [click here](#) (for internal use only).

50. In case a purchasing card is used, the prevailing procedures shall be followed².

5.1.2 Medium Value Procurement

51. For procurement above €5,000, Authorized Officials at HQ and Field Offices may manage medium value procurement requirements whose intended commitment(s) per single requirement or series of inter-related requirements does not exceed €40,000:

- per contractor; and
- per project (TC)/purpose (non-TC); and
- per Project Manager/Allotment Holder; and
- within the calendar year of the initial award.

² At present, the functionality is not available but may be considered in future.

52. For all other cases, the Procurement Services Division will review and take further action accordingly.

53. The following steps are applicable:

Shopping Cart: Creation, uploading of relevant documentation by the project team members and approval by the Project Manager/Allotment Holder. In case of waivers, the additional approval by the Line Manager of the Project Manager/Allotment Holder is requested.



Bidding/RFx Event: Issuance of the RFQ, preferably in SRM by using the RFX functionality, or outside the system either by mail, fax or e-mail by project team members based on standard RFX templates in SRM and approval by the Authorized Official.

For any bidding undertaken outside of the system, all steps of the process shall be duly documented.



Receipt and Evaluation of Quotations: Preferably RFX functionality or outside the system.



Purchase Order: Creation by project team members and approval by the Authorized Official and the Line Manager of the Authorized Official.



Good/Services Receipt: Creation of the confirmation in SRM by project team members and approval by the Project Manager/Allotment Holder.

54. The Authorized Official shall remain responsible for the relevant procurement process, by ensuring that all relevant data and records are entered and maintained in the secured PO folder in OpenText.

55. In exceptional cases, a Project Manager/Allotment Holder may authorize a particular UNDP Field Office to carry out a specific procurement process and contract on behalf of UNIDO. In SRM, such relevant UNDP Field Office will be reflected as a contractor. The Project Manager/Allotment Holder shall note that UNDP will charge UNIDO a service fee at the agreed-upon rate established between UNDP and UNIDO, which shall be budgeted for.

56. For step-by-step guidance on decentralized procurement in SRM, please [click here](#) (for internal use only).

5.2 Centralized Procurement

5.2.1 High Value Procurement

57. The Procurement Services Division is responsible for centralized procurement of goods/services/works for technical cooperation (TC) projects and for TC and non-TC requirements.

58. For centralized procurement the following steps are applicable:

Shopping cart: Creation, uploading of relevant documentation by project team members and approval by Project Manager/Allotment Holder. In case of waivers, additional approval by the Line Manager of the Project Manager/Allotment Holder is required.

Procurement Team: Receipt and approval of shopping carts.



Bidding/Rfx Event: Issuance of the RFP, ITB, RFO (preferably in SRM by using the Rfx functionality) or outside the system either by mail, fax or e-mail by the procurement team based on standard Rfx templates and approval by the Procurement Official.

For any bidding undertaken outside of the system, all steps of the process shall be duly documented.



Receipt and Evaluation of Offers: Receipt and evaluation of offers in accordance with relevant procurement procedure:

Preliminary examination by the Procurement Official;
Technical evaluation by the Project Manager/Allotment Holder/Evaluation Group;
Commercial evaluation by the Procurement Official;
Procurement Committee review, where applicable (request and approval sheet to be attached in the secured PO folder in OpenText).



Purchase Order/Contract: Based on model documents, creation by the procurement team and approval by relevant Procurement Official.



Goods/Services Receipt: Creation by project team members and approval by the Project Manager/Allotment Holder.

59. For step-by-step guidance on centralized procurement in SRM, please [click here](#) (for internal use only).

60. For guidance on relevant documents and templates to be used, please [click here](#) (for internal use only).

5.2.2 Long-Term Agreements (LTAs)

61. For goods/services/works that the Organization procures on a regular basis through repetitive bidding procedures, the intention is to enter into Long-Term Agreements (LTAs) by which a long-term contractual relationship is established between UNIDO on the one part, and one or several contractor(s) on the other part, to ensure quick and uninterrupted supply. The advantage of an

LTA is to reduce workload, minimize lead times and to secure competitive prices and rates for goods/services/works, under terms and conditions that meet the best interest of UNIDO. LTAs also enable UNIDO to fully leverage its market position taking advantage of its size, procurement volume and geographical presence in order to obtain best value for money. Further, an LTA is useful for providing immediate stock availability, for instance during accelerated project implementation requirements.

62. LTAs should be the **first option** to be considered by Project Managers/Allotment Holders during the requisitioning process. In case the Project Manager/Allotment Holder opts not to use an existing LTA, he/she shall provide justifications therefore.

63. To view a list of established LTAs, please [click here](#) (for internal use only).

64. When setting up an LTA, the following shall apply:

- The Procurement Services Division is responsible for the setting up of LTAs (global, regional or national), preferably by means of open international competition;
- The possible need for an LTA is ideally identified during the procurement planning stage;
- Normally LTAs are established for goods/services/works at pre-defined terms (e.g. prices, volume discounts, delivery, procedure of ordering etc.) which are, or will be, frequently requisitioned;
- LTAs may also be set up in cases where technical standards have been approved for specific products or services;
- If a repetitive need for requisitioning particular goods/services/works is expected, the Procurement Services Division may consider to set up an LTA or use a suitable LTA established by another UN entity. LTAs can also be set up at the request of Substantive Offices/Field Offices, which identify a repetitive need for specific goods, services or works;
- LTAs are normally negotiated and concluded, on a non-exclusive basis, for a period of up to three years, with the possibility of further extension(s) of up to two years;
- LTAs normally do not require or commit UNIDO to purchase any minimum level or amount of a good, service or work;
- Potential LTAs with a cumulative intended commitment equal to or above €200,000 over their tendered aggregate duration shall be submitted to the Procurement Committee for its review;
- The Procurement Services Division may opt to conclude several LTAs with different contractors for equivalent products and/or services, in order to ensure a broader range of supply options, timely availability, etc.;
- Once an LTA has been approved and set up by the Procurement Services Division, individual orders (i.e. call-off orders) can be placed against the LTA at predefined terms and conditions without further competitive bidding. No threshold is applied for ordering from LTAs;
- The specific terms and conditions of each LTA may vary. Project Manager(s)/Allotment Holder(s) shall make themselves aware of the

detailed terms and conditions prior to ordering any good, service or work from LTAs.

65. Project Managers/Allotment Holders who foresee the need for an LTA should contact the Procurement Services Division.

66. For guidance on how to set up and manage LTAs in SRM, please click here (for internal use only).

67. In order to create and approve a call-off order for the provision of goods/services/works from existing LTAs, the steps are as follows:

Shopping Cart: Creation, uploading of relevant documentation by project team members and approval by the Project Manager/Allotment Holder (if above €40,000 additional approval by Line Manager is required).



Purchase Order: Creation by project team members and approval by the Project Manager/Allotment Holder and the Line Manager of the Project Manager/Allotment Holder.



Goods/Services/Works Receipt: Creation of the confirmation in SRM portal by the project team members and approval by the Project Manager/Allotment Holder.

68. For step-by-step guidance on how to create and approve a call-off order for the provision of goods/services/works under an existing LTA in SRM, please [click here](#) (for internal use only).

5.3 Summary

69. Based on the above mentioned, the following procurement procedures are available in UNIDO:

Procurement Type	Procurement Procedure	Intended Commitment	Request and Award Approver	
Call-Offs from Long-Term Agreements				
	LTA Call-Off	Up to €40,000.	Authorized Official	
		Above €40,000	Line Manager of Authorized Official	
Open International Competition				
	Procurement Procedure	Intended Commitment	Request Approver	Award Approver
Decentralized procurement	Fast track / low value	Up to €5,000 per contractor, per single requirement, per	Authorized Official	

	procurement ³	project/purpose, and per Project Manager/Allotment Holder ⁴ ; (for a series of inter-related requirements, per contractor, per project/purpose and per Project Manager/Allotment Holder up to € 40,000 within any calendar year).		
	Medium value procurement	Up to €40,000 per contractor, per single requirement or series of inter-related requirements, per project/purpose, per Project Manager/Allotment Holder within any calendar year.	Authorized Official	Line Manager of Authorized Official
Centralized procurement	High value or high risk procurement	All values.	Authorized Official AND Procurement Official.	Procurement Official
Geographically limited / restricted competition				
Decentralized procurement	Fast track / low value procurement ⁵	Up to €5,000 per contractor, per single requirement, per project/purpose, and per Project Manager/Allotment Holder ⁶ ; (for a series of inter-related requirements, per project/purpose and per Project Manager/Allotment Holder up to €40,000 within any calendar year.)	Authorized Official	

³ Automatic creation of Purchase Order after approval of Shopping Cart by Authorized Official.

⁴ For requirements up to € 2,000 straight expenditure procedures may be applied.

⁵ Automatic creation of Purchase Order after approval of Shopping Cart by Authorized Official.

⁶ For requirements up to € 2,000 straight expenditure procedures may be applied.

	Medium-value procurement	Up to €40,000 per contractor, per single requirement or series of inter-related requirements, per project/purpose, per Project Manager/Allotment Holder within any calendar year.	Line Manager of Authorized Official	Authorized Official
Centralized procurement	High value or high risk procurement	All values.	Chief, Procurement Services Division	Procurement Official
Exception to competition				
Decentralized procurement	Fast track / low value procurement ⁷	Up to €5,000 per contractor, per single requirement, per project/purpose, and per Project Manager/Allotment Holder ⁸ ; (for a series of inter-related requirements, per project/purpose and per Project Manager/Allotment Holder up to €40,000 within any calendar year.)	Line Manager of Authorized Official	Authorized Official
	Medium-value procurement	Up to €40,000 per contractor, per single requirement or series of inter-related requirements, per project/purpose, per Project Manager/Allotment Holder within any calendar year.	Line Manager of Authorized Official	Authorized Official
Centralized procurement	High value or high risk procurement	Below €200,000 ⁹	Chief, Procurement Services Division	Procurement Official
		Equal to or above €200,000 ¹²	Managing Director, CMO	Procurement Official

⁷ Automatic creation of Purchase Order after approval of Shopping Cart by Authorized Official.

⁸ For requirements up to € 2,000 straight expenditure procedures may be applied.

⁹ In regard of financial rules 109.5.5 (a) (i) to (viii).

5.4 Procurement Methods

70. The solicitation of offers through the various procurement methods or procedures (i.e. Request for Quotation, Invitation to Bid, Request for Proposal, etc.) shall be done preferably in SRM through the RFX functionality or otherwise outside the system.

71. Prior to the selection of a procurement method, the Procurement Official, in consultation with the Project Manager/Allotment Holder, may identify the most suitable procurement procedure by determining whether the procurement requirement:

- First, can be met by placing an LTA call-off order against an existing LTA;
- Second, can be met by carrying out an open competitive procurement method;
- Third, can be met by using a restrictive procurement method;
- Last, can be met by following direct procurement (waiver of competition).

72. In case of open international competition, the most suitable procurement method should be selected depending on the complexity, nature and estimated value of the procurement requirement.

73. Depending on the nature, complexity and intended aggregate value of the commitment, the contents of the bidding documents may vary. In general, the structure of UNIDO's bidding documents is as follows:

- (a) Letter of invitation;
- (b) Instructions to bidders;
- (c) Technical specifications/terms of reference/statement of works;
- (d) Qualification requirements, exclusion criteria and evaluation criteria;
- (e) Forms for preparation of the technical and commercial offer(s);
- (f) Model contract¹⁰.

74. UNIDO model bidding documents are maintained by the Procurement Services Division. To view the documents please [click here](#) (for internal use only).

75. For solicitation of offers, depending on the intended commitment of the procurement transaction, the Procurement Official/Authorized Official may use informal and formal procurement methods.

76. The below table provides an overview of UNIDO's procurement methods, their characteristics and thresholds:

Procurement Method	Procurement Requirement	Estimated Threshold
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¹⁰ Including as annex documents the UNIDO General Conditions of Contract, and, where necessary, the performance security form, UNIDO Privileges and Immunities, etc.

Request for Quotation (RFQ)	INFORMAL	Clear and specific	Not to exceed €40,000
Invitation to Bid (ITB)	FORMAL	Goods, services, works with standard or firm specifications which can be expressed quantitatively and qualitatively	All values
Request for Proposal (RFP)		Goods, services, works, with requirements that cannot be expressed quantitatively and qualitatively	
Request for Offer (RFO)	INFORMAL/FORMAL	As above	All values

5.4.1 Request for Quotation (RFQ)

77. The RFQ is an informal procurement method to be applied for low and medium value procurement requirements. RFQs shall normally be used where a single shopping cart involves an intended commitment not exceeding €40,000.

78. The SRM Rfx functionality shall normally be used to issue RFQs. Bidders shall respond and accordingly submit their quotations to the Rfx event in SRM.

79. In exceptional cases of no access to SRM, or if the Rfx was issued outside the SRM system, bidders may submit their signed quotations either by mail, fax or e-mail, making reference to the Rfx event (all offers received outside the system shall be uploaded in the secured PO folder in OpenText).

80. Where possible, a minimum of three companies or organizations relevant to the specific procurement requirement shall be directly invited. For RFQs issued in SRM, the relevant procurement notice is automatically published on the UNIDO procurement website.

5.4.2 Invitation to Bid (ITB)

81. Invitation to Bid (ITB) is a formal procurement method normally used where a single shopping cart involves an intended commitment above €40,000¹¹.

82. The ITB should be used as a procurement method for the procurement of goods or works of standard and/or objectively measurable quantitative and qualitative specifications (i.e. clearly defined or continuously used goods).

83. The SRM Rfx functionality shall normally be used to issue ITBs. Bidders shall respond and accordingly submit their bids to the Rfx event in SRM.

¹¹ An ITB is mandatory for procurements above €40,000, but can also be used for lower value procurement, if requirements are complex or if the Authorized Official determines it beneficial.

84. In exceptional cases of no access to SRM, bidders may submit their bids either by mail, fax or e-mail, making reference to the RFX event (please refer to section 10.7).

85. For ITBs issued in SRM, the relevant procurement notice will be automatically published on the UNIDO procurement website.

5.4.3 Request for Proposal (RFP)

86. Request for Proposal (RFP) is a formal procurement method normally used where a single shopping cart involves an intended commitment above €40,000¹².

87. The RFP should be used as procurement method for the procurement of services or works and related goods where the deliverables cannot be quantitatively or qualitatively expressed in sufficient detail to allow use of another procurement method (e.g. for professional services, combination of complex technical services and equipment, etc.).

88. The SRM RFX functionality shall normally be used to issue RFPs. Bidders shall respond and accordingly submit their proposals to the RFX event in SRM.

89. In exceptional cases of no access to SRM, bidders may submit their bids in writing (hardcopy), making reference to the RFX event (please refer to section 10.7).

90. For RFPs issued in SRM, the relevant procurement notice will be automatically published on the UNIDO procurement website.

5.4.4 Request for Offer (RFO)

91. Request for Offer (RFO) shall be used in cases where exception to competition is applicable. Please refer to paragraph 113.

5.5 Types of Competition

92. Competitive offers shall be obtained using the following types of competition:

5.5.1 Open International Competition

93. Open international competition is the default type of competition. For all open international competition using the SRM portal, a procurement notice will be automatically published on the UNIDO procurement website. In respect of centralized procurement, the Procurement Official should normally also publish the notice on the UNGM website. Depending on the nature and subject matter of the procurement process, the notice may be published on other websites, or in media/publications with a wide circulation.

¹² An RFP is mandatory for procurements above €40,000, but can also be used for lower value procurement, if requirements are complex or if the Authorized Official determines it beneficial.

94. For information on how to publish a procurement notice on websites other than the UNIDO procurement website, please [click here](#).

95. In order to access the SRM portal, potential bidders shall request login credentials from UNIDO.

96. For information on how potential bidders get access to the SRM portal, please [click here](#).

5.5.1.1 Use of the Results of Previous Open International Competition

97. When open international competition for substantively the same goods and services was conducted, the Procurement Official/Authorized Official may use the result of a previous open competitive bidding process.

98. Such open competitive bidding results may be used as an alternative to issuing a new bidding if all of the following conditions are met:

- The open international competition was conducted within the last twelve months from the date of opening of the offers; and
- Substantially the same terms and conditions as the original offer are confirmed by the contractor; and
- The quantity of goods or the value of the works/services does not considerably exceed the one which the related offer was based on.

5.5.2 Geographically Limited Competition

99. Geographically limited competition shall be used when competition is limited by the funding partner(s) to one or several countries, in accordance with financial rule 109.5.4 (b) (geographical limitation of competition). For such cases, the bidding documents shall indicate that only companies or organizations from a particular country(ies) or from a particular region are eligible to submit offers.

100. In cases where limited competition is not explicitly specified in the project document, use of this method shall be approved, based on the request and justification of the Project Manager/Allotment Holder, as follows:

- For decentralized procurement by the Line Manager of the Authorized Official;
- For centralized procurement by the Chief, Procurement Services Division.

101. In order to ensure that local potential bidders are aware of the forthcoming procurement process, the tendering text of the RFX event, which will be automatically published on the UNIDO procurement website, shall contain a provision of geographical limitation of competition. The relevant procurement notice may also be sent directly to the invited companies or organizations identified by the Procurement Official, in consultation with the Project Manager/Allotment Holder.

102. In countries with limited access to the internet and electronic mail, the procurement requirement may also be advertised in local/regional media/publications with a wide circulation.

5.5.3 Restricted Competition

103. This type of competition is used where competition is restricted to a shortlist of qualified company(ies) or organization(s).

104. The reasons for applying this method include:

- Pre-qualification of companies or organizations following a Call for Expression of Interest/nomination process carried out by UNIDO;
- Pre-qualification of companies or organizations established by specific UNIDO programmes. To view an updated list of such programmes, please click here (for internal use only).

105. Use of this method shall be approved, based on the request and justification of the Project Manager/Allotment Holder, as follows:

- For decentralized procurement: By the Line Manager of the relevant Authorized Official;
- For centralized procurement: By the Chief, Procurement Services Division.

5.5.4 Exceptions to Competition (Waiver)

106. As a general rule, the open international competitive procurement method shall be applied.

107. Waiver of competition is an exception to UNIDO open procurement methods and should therefore be considered as a serious departure from the regular procurement process. Sound judgement and caution shall be exercised in applying any of the exceptions to open international competition listed in financial rule 109.5.5 (a) as clarified below.

108. All requests for waivers should provide sufficient justification and information based upon facts.

109. Wherever practical, the Procurement Official/Authorized Official should compare prices for goods/services/works with general market prices before deciding to waive competition. Strict review and approval processes as described below have been established to ensure that the waiver process is not abused.

5.5.5 Approval of Waiver Requests

110. When nevertheless the Project Manager/Allotment Holder considers that a waiver of competitive bidding should be invoked for a particular procurement requirement, he/she shall prepare the request and submit it for approval in accordance with the following procedures:

- (a) For decentralized procurement the approval is done by the Line Manager of the relevant Authorized Official having satisfied him/herself (i) that the relevant request is complete, (ii) that the detailed justification(s) provided in the Shopping Cart by the relevant

Project Manager/Allotment Holder satisfy one or several of the below mentioned pre-conditions for invoking waivers, and (iii) that by invoking waiver, UNIDO's procurement principles are upheld. The cases under financial rule 109.5.5 (a) (viii) shall be referred to the relevant Procurement Official.

- (b) For centralized procurement under financial rules 109.5.5 (a) (i) to (viii) whose intended commitment is below €200,000, the approval is done by the Chief, Procurement Services Division, subject to endorsement by the relevant procurement team confirming (i) that the relevant request is complete, (ii) that the detailed justification(s) provided by the relevant Project Manager/Allotment Holder satisfy one or several of the conditions for invoking waivers, and (iii) that by invoking waiver, UNIDO's procurement principles are upheld.
- (c) For centralized procurement under financial rules 109.5.5 (a) (i) to (viii) and whose intended commitment is equal to or above €200,000, the approval is done by the MD/CMO, subject to recommendation by the Procurement Committee confirming (i) that the relevant request is complete, (ii) that the detailed justification(s) provided by the relevant Project Manager/Allotment Holder satisfy one or several of the conditions for invoking waivers, and (iii) that by invoking waiver, UNIDO's procurement principles are upheld.

111. The above mentioned procedure does not preclude the MD/CMO from seeking advice of the Procurement Committee in cases where he/she considers it appropriate.

5.5.6 Waiver Conditions and Respective Guidance

112. Exceptions to open international competition are listed in the following provision:

Financial rule 109.5.5 (a) which stipulates that purchase orders/contracts may be awarded without competition when:

(i) The intended commitment of the procurement is below the monetary threshold of €5,000. Notwithstanding this monetary threshold, Authorized Officials are strongly encouraged to obtain more than one offer.

(ii) There is sufficient evidence that no competitive market exists for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service. This rule applies for cases where no competitive market exists. The request shall include sufficient justification and, where possible, be supported by appropriate documentation, such as: (a) the name of the regulatory/legislative body; and/or; (b) the law/decreed/order that controls or regulates the official rate(s)/fee(s) or price index(es). A current rate/fee/price schedule shall be attached. In respect of proprietary goods or services, evidence confirming that only one manufacturer and source exists or that similar or generic items that fulfill the requirements are not available shall be submitted by the Project Manager/Allotment Holder.

(iii) A standardization of supplies or equipment has been approved based on the advice of the Procurement Committee, which renders competition impracticable. Standardization may be considered when identical goods, equipment or technology have recently been purchased from a contractor and it is determined that there is a need for compatibility with existing goods, equipment or technology or works. The effectiveness of the original procurement in meeting the needs, the size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to meet the procurement requirements shall always be taken into account and justified. It should be noted that branding is not necessarily a justification for exceptions. If multiple suppliers can fulfil the standardized requirement, competition shall be sought on a 'no substitute' basis for the specified part number and brand. This rule may also be invoked in cases where it is determined that for compatibility purposes the same contractor shall carry out the additional services and/or provide relevant equipment/goods.

(iv) The proposed purchase order/contract relates to obtaining services that cannot be evaluated on the basis of objective criteria. This rule applies where the procurement requirement is such that the criteria for the evaluation of the competitiveness of proposals are difficult to establish. For example: legal services; medical services, research and development services related to scientific and technological activities, software and online platform services, production of artwork or film, etc.

(v) The proposed purchase order/contract is the result of cooperation with the other organizations of the United Nations system. This rule should be exercised provided that the regulations and rules of those organizations are consistent with UNIDO's and shall be applied in circumstances such as:

- UNIDO relies on the procurement decision of another UN organization and enters into a direct purchase order/contract with the successful contractor without undertaking a separate selection process. In this case, certain conditions shall be met, i.e. the requirements are substantially the same; the terms and conditions are substantially the same; the costs (considering commercial as well as administrative aspects) are favorable to UNIDO;
- UNIDO may also cooperate with other organization(s) of the United Nations system to achieve economies of scale. In this case, the organizations may elect to have one organization 'lead' the procurement process (i.e. the 'Lead Agency'). The 'Lead Agency' either signs the contract on behalf of all other organization(s); or all organizations sign the same contract; or other organization(s) issue purchase orders against the contract signed by the 'Lead Agency' on an 'as and when required basis'; or other organization(s) sign(s) a separate contract/purchase order with the contractor under terms and conditions consistent with the ones negotiated by the Lead

Agency. In this case, the bidding documents containing the model contract document should reflect clauses to address the Lead Agency concept;

- UNIDO requests another organization to conduct a procurement process on its behalf. This alternative can be used when that would add value to the process through savings in time and administrative cost, while maximizing economies of scale or when UNIDO lacks the particular expertise whereas the other organization has a recognized expertise in procuring particular requirements.

(vi) There is a genuine and documented exigency of the activity concerned that does not permit the time required for the issuance of invitations to bid or requests for proposals. This rule applies when there exists a compelling and urgent need, not resulting from poor planning or poor management or from concerns over the availability of funds, that could lead to serious damage, loss or injury to property or persons, delays in the performance of the work/services, reputational risks, if not addressed immediately. Exigency is not an acceptable rationale in situations resulting from delay or omission of creating and approving shopping carts by the Substantive Offices.

(vii) The proposed purchase order/contract is for purchase or rental of real estate. This rule applies if similar property is not available in the immediate geographical vicinity of the requested property. The Procurement Official/Authorized Official should, to the extent feasible and in collaboration with the Project Manager/Allotment Holder, seek the service of a qualified real estate broker or consultant to confirm that the proposed lease rate is commensurate with the market prices for equivalent leaseholds.

(viii) MD/CMO specifically determines through a due process, established in pursuance of provisions of sub-paragraph (c) (i) of financial rule 109.5.2, that competitive solicitation shall not be applied. In such cases a written record shall be made providing appropriate reasons for such determination. This exception normally applies in cases when contractual arrangements can be made with only one company or organization thus pre-empting any competitive procurement procedure. When applying this rule, a written record shall be made providing appropriate reasons for such determination.

113. In cases, where the request to invoke waiver in light of the particular project requirements are deemed “straightforward” by the relevant Authorized Official/Procurement Official, the Request for Offer (RFO) may be obtained from the proposed contractor under consideration, prior to submitting the waiver request for approval. For all other cases, waiver approval must be obtained before requesting an offer from the proposed contractor.

114. For step-by-step user guidance, please [click here](#).

6. Ethics / Confidentiality

115. The funds used by UNIDO are entrusted to the Organization by its Member States and other parties. The transactions committing UNIDO shall be conducted at impeccable standards in order to ensure the highest degree of public trust. Hence, it is absolutely essential that all procurement activities be carried out in a manner above reproach, with complete impartiality and with no preferential treatment.

116. All UNIDO Procurement Officials/Authorized Officials, UNIDO staff members, ISA holders and officials/persons involved in any stage of the procurement process must observe the highest ethical standards. They are responsible to protect the integrity of the procurement process and accountable for their procurement decisions. They shall demonstrate that proper ethical standards have been observed by confirming adherence to the “Declaration of Compliance with UNIDO Procurement Ethics and Professional Standards”. They are required to strictly follow the Organization’s financial regulations and rules, Staff Regulations and Rules, directives, administrative instructions, and/or other policies.

117. To view and download the form, please [click here](#) (for internal use only).

118. Before being involved in any procurement process (including but not limited to the involvement in preparing procurement requirements), Project Managers/Allotment Holders shall ascertain that all staff members, ISA holders and officials/persons working with them on a procurement case have signed the above mentioned Declaration.

119. Furthermore, UNIDO has adopted a policy on financial disclosure and declaration of interest. For the current policy documents please refer to:

- Code of Ethical Conduct (UNIDO/DGB/(M).115 ,1 March 2010), please [click here](#) (for internal use only).
- UNIDO Policy on Financial Disclosure and Declaration of Interests, (UNIDO/DGB/2020/05, 10 June 2020), please [click here](#) (for internal use only).

6.1 Ethics in Dealing with Bidders/Contractors

120. UNIDO’s procurement process must allow bidders to compete for UNIDO business on a fair basis. Therefore, staff members, ISA holders and officials/persons associated with the procurement function are responsible for protecting the integrity of the procurement process and maintaining fairness in the treatment of all bidders.

121. The UNIDO Staff Regulations and Rules, Code of Ethical Conduct, and the UNIDO Policy on Financial Disclosure and Declaration of Interests outline the duties of personnel regarding conflicts of interest. The requirements for all staff members and ISA holders involved in the procurement process include, but are not limited to, the following:

- (a) Before such information is available to the business community at large, they shall not allow any company or organization access to information on a particular acquisition;
- (b) They shall not intentionally use unnecessarily restrictive or "tailored" technical specifications or terms of reference that could discourage or limit competition;
- (c) They shall not offer or accept, under any circumstances, any benefit such as a favor, gift, remuneration, honor, decoration, award or hospitality, to or from a current or potential contractor or any other person or entity having or seeking to have a contractual relationship with UNIDO;
- (d) They shall not have a personal, professional, family or financial interest in a bidder participating or involved in a UNIDO procurement process or solicitation relating to a UNIDO project to be implemented by another entity, and they are prohibited from any involvement in the procurement process if they do. A financial interest includes, but is not limited to, interest in a business consisting of any stock, stock option, or similar ownership interest, but excludes any interest solely by means of investment in a business through a mutual, pension, or other institutional investment fund over which the staff member does not exercise control. Financial interest also includes the receipt of, or the right or expectation to receive, any income in one or more of the following forms: consulting fees, honoraria, salary, allowance, forbearance, debt forgiveness, interest in real or personal property, dividends, royalties derived from the licensing of technology or other processes or products, rent, or capital gains, job offers to family members, etc. A personal, professional or family interest includes, but is not limited to, affiliations with any organization or enterprise over which procurement personnel, alone or together with an immediate family member (i.e., spouse or domestic partner, and dependent children), exercise a controlling interest. These interests may also involve any corporation, partnership, sole proprietorship, firm, franchise, association, organization, holding company, joint-stock company, receivership, business or real estate trust, or any other nongovernmental legal entity organized for-profit, non-profit, or charitable purposes. Interest may also involve any executive position or membership on the bidder's board regardless of compensation, or any position that includes responsibilities for a significant segment of the bidder's operation or management of a business;
- (e) They shall not disclose, directly or indirectly, proprietary and source selection information to any person other than a person authorized to receive such information.

122. The actions of staff members, ISA holders and other officials/persons in the procurement process shall be transparent and well documented in the secured PO folder in OpenText so that there is appropriate audit trail and proof that these standards have been upheld.

123. During the bidding process, contact with bidders, potential and otherwise, shall be dealt with in the following manner:

- Prior to the deadline for the receipt of offers, no communication shall take place between bidders, potential and otherwise, and any other person except the Procurement Official/Authorized Official designated as the sole point of contact in the bidding.
- Absolute impartiality shall be maintained with all potential bidders throughout the bidding and selection process. The same information concerning the bidding documents shall be made available to all potential bidders.
- All potential bidders who have confirmed their intention to participate in the bidding process shall receive the same information, and to the extent possible, simultaneously, to avoid the appearance of partiality, and to prevent the perception that other parties have received information that can offer them an advantage for being awarded a contract.
- Any significant change of information related to the bidding process prior to the deadline for the receipt of offers shall be appended in the form of an amendment to the bidding documents and shall constitute a part of the bidding process.

124. Any staff or non-staff involved in the UNIDO procurement process facing a conflict of interest or potential conflict of interest should immediately notify their supervisor. Personnel may also seek the confidential advice from CMO/EAO.

125. UNIDO considers a conflict of interest to be a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations, and that such conflict of interest may contribute to or constitute a fraud and corruption under this Manual. UNIDO will take appropriate actions to manage such conflicts of interest or may reject a proposal for award if it determines that a conflict of interest has flawed the integrity of any procurement process. Any contractor participating in a procurement process shall disclose to UNIDO any situation that may appear as an actual or potential conflict of interest, which shall render it ineligible for that procurement process unless otherwise agreed by UNIDO.

126. Moreover, a contractor who is a party in an ongoing contract with UNIDO shall disclose to UNIDO any situation that may appear as a conflict of interest and shall ensure that neither it nor any of its affiliates, personnel, sub-contractors or agents shall be engaged with UNIDO under individual employment contracts, unless otherwise agreed by the parties. The contractor must also warrant that it has not and shall not offer to any representative, official, employee, or other agent of UNIDO any direct or indirect benefit arising from or related to the award or performance of any contract with UNIDO, or for any other purpose intended to gain an advantage for the contractor. A breach of this provision may lead, at UNIDO's sole discretion, to the termination of the contract irrespective of any work performed.

6.2 Ethical Behaviour of Bidders/Contractors

127. UNIDO requires that bidders, suppliers, contractors, their agents (whether declared or not), sub-contractors, and consultants (including their respective officers, directors, employees and agents) adhere to the highest ethical standards, and promptly report to UNIDO any known or suspected acts of fraud or corruption, or non-compliance with any exclusion criteria as defined in the UNIDO Policy on Exclusion from Funding (DGB/2021/15), during the bidding process and/or during the execution of any contract concluded with UNIDO.

128. UNIDO also requires that all contractors, as well as their parent entities (if any), subsidiaries or affiliated entities (if any), their personnel and sub-contractors comply with the essential terms as set out in the general conditions of contract, which include provisions on source of instructions; conflict of interest/officials not to benefit; forced labor; child labor; mines, bombs and other weapons; prevention of harassment, sexual harassment, sexual exploitation and sexual abuse; terrorism; money laundering; and disclosure of sanctions or temporary suspension. Any breach of any of these provisions shall entitle UNIDO to terminate any contract concluded between the contractor and UNIDO immediately upon notice to the contractor, without any liability for termination charges or any other liability of any kind.

129. The definitions set out below involve the most common types of fraud and corruption, but they are not exhaustive. For this reason, UNIDO shall also take action in the event of any similar deed or complaint involving alleged acts of fraud and corruption, even when these are not specified in the following list. UNIDO shall in all cases proceed on the basis of the procedure described herein.

130. In pursuance of this procedure, UNIDO defines the terms set forth below:

- (a) A **corrupt practice** means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value, whether tangible or intangible, to improperly influence the actions of another party, including but not limited to extortion, fraud, and bribery;
- (b) A **fraudulent practice** means any act or omission, including a misrepresentation, which knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial and/or other benefit and/or to avoid an obligation;
- (c) A **collusive practice** means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
- (d) A **coercive practice** means any act impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of the party;
- (e) An **obstructive practice** means acts or omissions intended to materially impede the exercise of contractual rights of audit, investigation and access to information, including destruction, falsification, alteration or concealment of evidence material to an investigation into allegations of fraud and corruption.

131. The above practices, as so defined, are referred collectively as “fraud and corruption”.

132. Before being involved in any procurement process all staff members, ISA holders and officials/persons must be informed of the Policy on Fraud Awareness and Prevention (UNIDO/DBG/(M).94/Rev.1 of 21 February 2013).

133. UNIDO requires from all bidders who wish to participate in a procurement process the signature of a statement of confirmation by which the bidder accepts to abide by the terms of the UNIDO Policy on Exclusion from Funding (DGB/2021/15) and by which the bidder represents and warrants that it is not and has not been the subject of any of the exclusion criteria as stated in said policy.

134. If a bidder or a contractor has been the subject of a final judgment or of a final administrative decision in respect of one or more of the exclusion criteria, including but not limited to fraud and corruption, UNIDO will decide, in accordance with the UNIDO Policy on Exclusion from Funding (DGB/2021/15), whether such bidder or contractor, shall be excluded from UNIDO funding (Exclusion Determination).

135. Any Exclusion Determination shall follow the procedure as set out under section 23.3.2 below.

136. For additional information/guidance please [click here](#) (for internal use only).

6.3 Confidentiality

137. It is understood that any procurement process is confidential. All individuals involved at any stage of the procurement process shall adhere to strict confidentiality.

138. The obligation to maintain the confidentiality of the procurement process does not cease upon separation of staff members or ISA holders from the Organization.

139. Procurement processes may contain privileged information, part of which may be copyrighted, and is received by bidders on the condition that no part thereof, or any information concerning it, may be copied, exhibited, or furnished to others without the prior written consent of UNIDO as determined by the relevant Procurement Official/Authorized Official. This condition may be exempted to the extent that the bidder may exhibit part or parts of the bidding documents to potential sub-contractors for the sole purpose of obtaining offers from them.

140. For bidding processes where certain documents and information are considered to be particularly sensitive, the Procurement Official may opt to request bidders to sign a confidentiality and non-disclosure agreement prior to

their receipt of the complete set of bidding documents. To view the 'Confidentiality and Non-Disclosure Agreement' template, please click [here](#).

141. Notwithstanding any other provisions in UNIDO's bidding documents, bidders will be bound by the terms and conditions of the bidding documents whether or not their company or organization submits an offer or responds in any other way to a procurement notice.

142. The handling of offers received by UNIDO, as well as their content shall be treated in a confidential manner throughout the whole procurement process. Information relating to the examination, evaluation, and comparison of offers and the recommendation of contract award shall not be disclosed to bidders or any other persons who are not officially concerned with such process.

143. Any effort by a bidder to influence UNIDO in the preliminary examination, evaluation and comparison of the offers and/or contract award decisions may result in the rejection of its offer.

144. From the time the offers are opened to the time the contract is awarded, if any bidder wishes to contact UNIDO on any matter related to its bid, the bidder shall do so in writing to the relevant Procurement Official/Authorized Official.

7. Procurement Planning

145. Procurement Planning is considered an important tool for managing UNIDO's procurement needs in an effective and timely manner. The UNIDO procurement plan is a forecast based on the estimated procurement requirements provided by Project Managers/Allotment Holders. The data provided by the Project Manager/Allotment Holder shall be reviewed by the Procurement Services Division and by regular reports generated for publication on UNIDO's external website, as deemed required. It shall normally cover the period of the calendar year i.e. from 1 January to 31 December.

146. Upon approval of a new UNIDO programme or project and yearly thereafter, the Project Manager/Allotment Holder should provide the following information for preparation of the procurement plan, particularly in regard of high-value procurement requirements and items and services that will be required repetitively:

- Description of goods/services/works;
- Estimated quantity and amount;
- Beneficiary country;
- Source of funding;
- Estimated delivery date or performance period;
- Anticipated procurement method to meet the requirement, in particular in regard to planned waivers of competition.

147. For a step-by-step guide, please click [here](#) (for internal use only).

148. In his/her planning, the Project Manager/Allotment Holder shall, in coordination with the Procurement Official, consider the time required for the preparation of bidding documents, the bidding process, the evaluation of offers, negotiation (if applicable), review by the Procurement Committee (where relevant) and preparation of the purchase order/contract.

149. The procurement plan may be used by the Procurement Services Division to:

- Assist in the planning and distribution of the workload within the Division (smoothen out peak periods);
- Generate statistics identifying the frequency of certain procurement requirements and thus supporting the decision to set up LTAs, etc.;
- Publish the forthcoming procurement requirements (on an aggregated level) on the UNIDO procurement website to inform potential bidders prior to issuing the actual bidding documents;
- Reduce lead-time; and
- Initiate other pro-active procurement actions, as deemed required.

8. Requisitioning/Creation and Approval of Shopping Carts

150. Following the process of an in-depth needs assessment (which may include market research/surveys, etc.) the member of the project team (in SRM, the project purchaser) initiates the procurement process through requisitioning of goods/services/works.

151. Requisitioning includes creating and approving a shopping cart through entering data/uploading relevant documentation, i.e. proposed technical specifications/terms of reference/statement of works as well as qualification requirements and exclusion criteria, evaluation criteria and other relevant documents (IOMs and supporting documents, etc.). As part of the approval process SRM performs a funds availability check.

152. In case funds are not yet available, on an exceptional basis, a shopping cart with zero (0) value may be created, provided sufficient justification is submitted by the Project Manager/Allotment Holder.

153. In order to be approved, the shopping cart shall normally contain the following information:

- Project information, i.e. WBS element, cost center code, grant, fund (for non-TC and TC projects);
- Name(s) of the Project Manager/Allotment Holder;
- Brief description of the required goods, services or works and their associated UNSPSC;
- Amount of funds available for the purchase order/contract.

154. The shopping cart shall then be approved by the Project Manager/Allotment Holder in SRM. In case of waivers, additional approvals are required by the Line Manager to the Project Manager/Allotment Holder, and, in case of centralized procurement, by the Procurement Services Division.

155. With the exception of fast track procurement, items of a similar nature which fulfil a similar procurement requirement, i.e. which are intended to be sourced from a single contractor, shall be grouped in one shopping cart.

156. In respect of centralized procurement, upon assignment of the shopping cart to the relevant procurement team, the relevant documentation shall be placed in the secured PO folder in OpenText and screened by the responsible Procurement Official for their completeness and consistency with the requirements stated above. If as a result of this review it is established by the Procurement Official that the relevant documentation is not in accordance with the requirements in the Manual, the Project Manager/Allotment Holder shall be requested by the Procurement Official to make modifications/changes to the relevant document(s). Modifications/changes shall be made without delay and the modified document(s) shall be re-submitted to the Procurement Official for further processing and placing in the secured PO folder in OpenText.

157. For detailed information on how to create and approve shopping carts in SRM please [click here](#) (for internal use only).

8.1 Definition of Requirements

158. Every effort should be made by the Project Manager/Allotment Holder to ensure through early involvement of the Procurement Services Division, and, if and where appropriate, during the project design/formulation stages, that relevant procurement aspects are properly considered.

159. The Project Manager/Allotment Holder is responsible for defining, in consultation with Procurement Services Division, the requirements of a procurement process. The four-eyes principle is then ensured by the Procurement Official who shall evaluate the requirements received, ascertaining that they meet the purpose and objective of the procurement, and identify any issues which do not comply with the provisions of the financial regulations and rules and this Manual e.g. use of brand names without justification, unrealistic delivery dates, over/under specification, requirements or evaluation criteria that are not essential, objective or measurable, etc.

160. When defining a requirement, it is not permissible to split a procurement requirement containing the same or a series of related items into several smaller transactions for the sole purpose of avoiding the use of a formal procurement method.

161. For the fast track procurement procedure, the above provisions shall not apply, i.e. one shopping cart may contain procurement requirements on separate

line items, which could be sourced from different contractors (e.g. conference events including catering, logistics, hotel accommodation, etc.).

8.2 Types of Specifications

162. The specifications form part of the bidding documents.

163. The following documents may be used to specify requirements:

- (a) Technical Specifications;
- (b) Terms of Reference (TOR);
- (c) Statement of Work (SOW)/Bill of Quantities (BOQ);
- (d) Other relevant documents.

164. For complex service or works requirements, the Project Manager/Allotment Holder may wish to obtain the services of a consultant who can assist in the drafting of technical specifications, terms of reference, or statement of works and related designs/drawings.

165. In general, technical specifications/terms of reference/statement of works shall:

- Clearly, concisely and logically describe the functions and performance of a requirement;
- Be generic and neutral and not include brand names (please refer to section 8.2.1);
- Not over specify the requirement (e.g. include unnecessary features) as this may lead to an increase of the offered prices and/or to a decrease in the number of offers received;
- Not underspecify the requirement, as this may lead to offers which do not meet the requirements.

166. The final agreed-upon technical specifications/terms of reference/statement of works shall be made part of the bidding documents.

8.2.1 Technical Specifications

167. Technical specifications are mainly used for the procurement of goods (equipment, products, instruments, materials, supplies, etc.).

168. Technical specifications shall be neutral, clear and technical and/or performance oriented. They must completely and fully describe the requirements.

169. In general, technical specifications should be formulated by taking the following characteristics into account:

- (a) Functional characteristics, i.e. to define how the required product should function;
- (b) Performance characteristics, i.e. to define what performance levels are required from the product (e.g. reference to product standard, Minimum Operating Security Standards (MOSS) requirements, ISO and similar standards, guarantees etc.);

- (c) Sufficiently detailed technical description, i.e. to describe the physical characteristics and dimensions of the required goods (e.g. design, dimensions, materials, characteristics, etc.).

170. References to brand names must be avoided. However, brand names may be used on an exceptional basis as follows:

- The words “or equivalent” shall be included in the bidding documents and bidders shall be requested to demonstrate that the offered products and services of a different brand meet the functional/performance characteristics of the technical specifications; or
- Where a particular brand is essential to UNIDO project requirements and due justification is provided.

171. If provided for in the bidding documents, UNIDO reserves the right to vary the quantity of the goods and/or related services, without any change in the unit prices or other terms and conditions.

8.2.2 Terms of Reference

172. Terms of reference (TOR) are used for contracting technical, consultancy and other services, packages of services and equipment, where services play a defining role, semi-turnkey and turnkey operations, etc. The TOR should be sufficiently clear and precise to describe the scope and nature of the required services. Unnecessarily restrictive or "tailored" terms of reference that could discourage or limit competition should be avoided. TOR for similar services or requirements should be consistent and uniform.

173. The TOR should include information including but not limited to:

- Objective, background, and expected overall impact of the required services;
- Enumeration of all tasks and activities required to be performed by the contractor;
- Description of required deliverables and outputs by task/activity level;
- Expected start and completion dates of activities;
- Reporting requirements/timelines and payment schedules (where relevant);
- Performance characteristics, i.e. to define what performance levels are required from the contractor in terms of services and related personnel;
- Any other requirements and criteria as may be appropriate for a particular procurement case (for example, MOSS requirements).

8.2.3 Statement of Works

174. Statement of works (SOW) is generally used for construction works and should provide all information required to allow the contractor to undertake the works (e.g. location, MOSS requirements, time schedules for the execution of the works, relevant information about the construction site and other technical requirements which are deemed necessary).

175. Statements of works are generally accompanied by a bill of quantities (BOQ) which lists all main inputs for a works project, including equipment, supplies, auxiliary services etc. The bill of quantities shall include in a tabular form the estimated quantities for each respective input item, such as soil movements/excavations, structures, floors, roofing, sanitation. The statement of works also contain details on payment and invoicing terms, (e.g. per unit prices or lump sum prices) and reporting requirements/timelines.

176. For detailed information on how to write technical specifications/terms of reference/statement of works please refer to the document 'Preparation of technical specifications/terms of reference/statement of works'. To view the document, please [click here](#) (for internal use only).

177. To view templates of technical specifications/terms of reference/statement of works for goods/services/works, please [click here](#) (for internal use only).

8.3 Qualification Requirements, Exclusion Criteria and Evaluation Criteria

178. The bidding documents shall clearly indicate any and all qualification requirements, exclusion criteria and evaluation criteria which shall be applied in the preliminary examination, comparison and evaluation of offers.

179. For centralized procurement, the Procurement Official, in cooperation with the Project Manager/Allotment Holder, shall formulate the qualification requirements, exclusion criteria and evaluation criteria and include them in the bidding documents.

180. For decentralized procurement, the Authorized Official shall formulate the qualification requirements, exclusion criteria and evaluation criteria and include them in the bidding documents, as and if required.

181. All technical and commercial qualification requirements and criteria, and their associated weights, if any, shall be directly relevant and proportionate to the particular procurement requirement and must not unduly disqualify companies but allow for open and fair competition.

182. Furthermore, they should be reasonable in number and as clear as possible, so as not to render the evaluation of the offers more difficult.

183. Once published, it is strictly not permissible to introduce new requirements and/or criteria beyond those contained in the bidding documents, unless made in the form of an amendment to the bidding documents.

184. The SRM portal provides for a library of qualification requirements and evaluation criteria.

8.3.1 Qualification Requirements and Exclusion Criteria

185. Qualification requirements and exclusion criteria shall be used during the preliminary review to check the completeness of offers and to ascertain that a bidder meets the minimum qualifications for a given procurement process such as administrative, financial, or operational (e.g. signatures, company or organization registration and financial strength, related documentation, etc.). A bidder that has been the subject of a final judgement or of a final administrative decision in respect of one or more of the exclusion criteria as defined under UNIDO's Policy on Exclusion from Funding (DGB/2021/15) may be excluded from the procurement action.

186. Where relevant for a specific procurement requirement, the mandatory requirements and exclusion criteria shall be indicated in the bidding documents. Bidders not meeting the mandatory requirements shall normally be disqualified.

187. Examples of qualification requirements are:

- Registration/incorporation;
- Licensing/authorization for operations;
- Length of time in business (number of years);
- Previous experience with similar contracts;
- References;
- Internationally recognized quality standards for goods and /or services;
- Audited financial statements;
- Profitability: Profit margin ratio or return on assets ratio (e.g. normally in excess of 1%);
- Liquidity ratio: The ratio of current assets to current liabilities (e.g. normally greater than 1);
- Turnover: The average annual turnover for the past three years (or for whatever period of time the company has been in business, if it has not yet reached three years) (e.g. normally 2 to 5 times the anticipated value of the purchase order/contract).

188. The following mandatory qualification requirements shall normally be used in regard of procurement requirements under centralized procurement:

- Confirmation of no conflict of interest (e.g. none of the bidder's key personnel is associated - financial, family, employment wise - with concerned UNIDO officials, UNIDO experts/consultants recruited under the relevant project or with UNIDO's Counterpart);
- Confirmation that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the offer, have been given, received, or promised in connection with the selection process or in contract execution;
- Confirmation of satisfactory past performance and that the bidder is not debarred from business with the United Nations and other organizations;
- Confirmation that the bidder did not participate in the preparation of the concerned procurement process or the bidding documents, including, but not limited to, the technical specifications, terms of

reference, and the scope of works, being subsequently used by UNIDO;

- Confirmation of no conflict of interest between or among bidders. A bidder may be considered to have a conflict of interest, if the bidder:
 - directly or indirectly controls, is controlled by or is under common control with another bidder;
 - receives or has received any direct or indirect subsidy from another bidder;
 - has the same legal representative as another bidder;
 - has a relationship with another bidder, directly or through common third parties, that puts it in a position to influence the bid of another bidder, or influence the decisions of UNIDO regarding the bidding process;
 - submits more than one bid in the bidding process, for example, on its own and separately as a joint venture partner with another bidder. A bidder's submission of more than one bid will result in the disqualification of all bids in which such bidder is involved; or
 - any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the works that are the subject of the bid.

189. UNIDO shall exclude from access to funding any bidder or contractor (including affiliates, if any) that has been the subject of a final judgment or of a final administrative decision in respect of one or more of the Exclusion Criteria in accordance with the UNIDO Policy on Exclusion from Funding (DGB/2021/15).

190. UNIDO reserves the right to apply additional exclusion criteria to bidders or contractors, in accordance with the terms and conditions of their applicable special conditions of contract.

191. Every bidder shall be required, before or upon signing a contract with UNIDO, to sign or incorporate by reference the statement of confirmation in accordance with the UNIDO Policy on Exclusion from Funding (DGB/2021/15).

8.3.2 Evaluation Criteria

8.3.2.1 Technical Evaluation Criteria

192. Technical evaluation criteria are established to ascertain the technical compliance of an offer and are typically based on the technical specifications/terms of reference/statement of works etc. Depending on the nature of the goods/services/works to be procured their content may vary from a short description to long and detailed descriptions.

193. The evaluation criteria should be measurable and specific in order to be meaningful. The number and category of technical evaluation criteria depend on the nature of the requirement and shall be specifically developed for each procurement case.

194. For centralized procurement the Project Manager/Allotment Holder, in cooperation with the Procurement Official, shall formulate the technical evaluation criteria.

195. For decentralized procurement the Project Manager/Allotment Holder shall formulate the technical evaluation criteria, as appropriate.

196. Examples of technical evaluation criteria are:

- Bidders' background, experience, quality control systems and past performance;
- Bidders' organization and facilities for accomplishing the requirements;
 - Experience in similar fields and for same type of requirements;
 - Expertise of the company;
 - Proposed methodology, approach and implementation plan;
 - Management structure;
- Qualifications of any sub-contractors;
 - Available capacity and equipment;
 - Availability of after-sales services or agent in the country of delivery;
 - Qualification and experience of proposed key personnel;
 - Installation, assembly, commissioning, start-up;
 - Warranties and guarantees;
 - Training programme;
 - Spare parts (quantity, type, etc.).

197. Depending on the procurement method, evaluation criteria may be set up according to:

- their compliance or non-compliance against the requirements (for RFO, RFQ, ITB, RFP); or
- the weighted scoring (for RFP only).

8.3.2.1.1 Rating/Scoring System

198. A rating/scoring system allows for an in-depth assessment whereby relative weights/scores on a scale are assigned to technical evaluation criteria.

199. A rating/scoring system for evaluation shall normally be applied for RFPs with an intended commitment equal to or above €1,000,000.

200. The weight/score assigned to each technical evaluation criterion and the minimum technical score (or "minimal qualifying score") rendering the offer technically acceptable shall normally be established by the Project Manager/Allotment Holder or, where relevant, the Evaluation Group (please refer to section 8.3.3) in consultation with the Procurement Official during preparation of the bidding documents (and in such cases normally be included in the bidding documents), but in any case before the deadline for the receipt of offers.

201. Weights/scores should directly relate to and be proportionate to the requirements set forth in the technical specifications, the terms of reference or the statement of work or in other parts of the bidding document.

202. A weight/score assigned to each evaluation criteria should be expressed in points out of a total number of points (e.g. 100 or 1,000). Criteria with higher importance should be assigned more weight.

203. The below table is an example of weights/scores distributed among evaluation criteria for a typical procurement case:

Evaluation criteria	Weights in points (illustrative)
Technical/commercial requirements (to be detailed according to the specific requirements outlined in the Terms of Reference).	45 15 15 5 5 5
Adequacy of operational plan to satisfy the requirement (to be detailed): - Human resources - Contractor's facilities - Mobilization plan - Equipment - Subcontracting	40 10 10 10 5 5
Guarantee terms and conditions	15
Total:	100

8.3.2.2 Commercial Evaluation Criteria

204. The commercial evaluation criteria determine which price factors shall be included in the price used for the commercial evaluation (e.g. delivery costs, operational cost, start-up costs, disposal costs, life cycle costs etc.) as well as other relevant commercial terms and conditions (e.g. acceptance of UNIDO's model contract and General Terms and Conditions, currency exchange rate provisions, warranty, payment terms, performance security, etc.).

205. Samples of items that could be considered for the commercial evaluation include:

- Itemized quantity(s) and price(s);
- Maintenance and disposal costs;
- Costs of spare parts;
- Transportation costs and mode of shipment;
- Installation, commissioning and start-up costs;
- Warranty, guarantee and after sales service;
- Fee rate(s) for proposed members of key personnel;
- DSA and travel costs in respect of the bidder's personnel;
- Itemized direct and indirect costs (communications, report writing, etc.);

- Training costs.

206. For centralized procurement the Procurement Official, in cooperation with the Project Manager/Allotment Holder, shall formulate the commercial evaluation criteria.

207. For decentralized procurement the Authorized Official shall formulate the commercial evaluation criteria, as appropriate.

8.3.3 Establishment of an Evaluation Group

208. Depending on the nature, complexity and the intended commitment of the procurement requirement and where multidisciplinary expertise is required, the Procurement Official, upon consultation with the Project Manager/Allotment Holder, may decide to establish an Evaluation Group. The recommended threshold for possible group evaluation is €2,000,000.

209. The purpose of the Evaluation Group is to verify that the bidders and their offers satisfy the requirements of the bidding documents, and to evaluate the offers according to the predefined qualification requirements, exclusion criteria and evaluation criteria.

210. The Evaluation Group should be set up as early as possible, but before the opening of the offers. The Evaluation Group should consist of the Procurement Official, the Project Manager/Allotment Holder, an independent member not being involved in the implementation of the relevant project, and, as required, other staff member(s), ISA holder(s) or individuals directly involved in the project implementation (e.g. beneficiaries(s), counterpart(s), expert(s)). The Project Manager/Allotment Holder should possess technical expertise and experience that is commensurate with the type and complexity of the procurement case. If the Project Manager/Allotment Holder considers that specific expertise is needed, external evaluator(s) can be invited to participate in the technical evaluation.

211. If deemed necessary, a Chair may be nominated by the members of the Evaluation Group.

212. All members of the Evaluation Group shall offer objective and independent advice and possess relevant knowledge and expertise in regard to the specific procurement requirement. To assist in its deliberations, the Project Manager/Allotment Holder, in consultation with the Evaluation Group, may invite subject matter expert(s)/consultant(s)/official(s) to provide relevant advice and information. All such expert(s)/consultant(s)/official(s) participate in the capacity as non-voting observers.

213. Where relevant, all evaluation group members as well as subject matter expert(s)/consultant(s)/official(s) involved in the evaluation shall be requested to sign the “Declaration of Objectivity, Impartiality and Confidentiality” form.

214. To view the relevant form, please [click here](#) (for internal use only).

9. Sourcing

9.1 Market Research/Survey

215. Market research/surveys are used in the sourcing/requisitioning process, especially in cases where the procurement requirements are new to the Organization or are established as input in design stages of technical cooperation projects. Furthermore, market research/surveys may be carried out to determine if goods/services/works are available to meet UNIDO's needs or could be modified to meet its needs.

216. A market research/survey should lead to a clear understanding of the business practices and preferred commercial terms and conditions of the supply market and should be used to facilitate the tailoring of a procurement strategy (including bidding documents, technical specifications/terms of reference/statement of works, qualification requirements, exclusion criteria and evaluation criteria and evaluation and selection methodology).

217. The amount of effort required for market research/surveys depends on the value/risk of the requirement. For medium value, standard procurement requirements research may be limited to searching existing rosters and reviewing previous contracts/purchase orders. For high value or high risk, complex procurement requirements, an extensive market analysis may be required.

218. Conducting a market research/survey is within the scope of the procurement function and may be carried out both under decentralized and centralized procurement. Notwithstanding the above, it is expected that the Project Manager/Allotment Holder carries out his/her own technical research of the relevant industry sector, and participates in professional discussions within his/her area of expertise. It is recommended that the Procurement Services Division is involved in this process.

219. Where applicable, before developing new technical specifications and soliciting new products which are not familiar to UNIDO, the Project Manager/Allotment Holder should request the Procurement Services Division to perform a market survey/research. The market survey/research conducted by the Procurement Services Division shall be based on generic and preferably performance-based descriptions of the procurement requirements to be fulfilled.

220. Once the Procurement Services Division receives a request to undertake a market research/survey from a Project Manager/Allotment Holder, it shall evaluate the urgency, intended commitment, complexity and past experience in respect of the requirement.

221. To conduct a market survey/research, the Procurement Services Division may:

- Contact knowledgeable individuals in the relevant sector/industry;

- Review the results of recent market research/surveys undertaken by UNIDO or other organizations to meet similar procurement requirements;
- Conduct internet searches/communications with the industry;
- Obtain source lists of similar items from other agencies, trade organizations or other sources;
- Review catalogues and other product literature;
- Issue Requests for Information (ROI) or Calls for Expression of Interest (Call for EOI) on the UNIDO, UNGM and/or other relevant external websites.

222. The results of the market research/survey shall be documented in the secured PO folder in OpenText.

9.1.1 Request for Information

223. A Request for Information (RFI) can be used to request information on anything from technical developments and supply availability to price indications. The RFI may be openly advertised, or sent to individual companies or organizations suggested by the Project Manager/Allotment Holder and/or identified by the Procurement Official.

224. To view the standard RFI template, please click here (for internal use only).

9.1.2 Call for Expression of Interest

225. An expression of interest (EOI) provides general information on the requirements for goods/services/works of a planned procurement process. Through the call for EOI, companies are requested to express their interest before a prescribed deadline and, if deemed required, provide some information about their company and the market in which they operate.

226. The pre-qualification results received from the call for EOI may be used to:

- Test if there is a market for a certain procurement requirement for which an open procurement procedure is warranted; and/or
- Prepare a short list of companies or organizations to be invited to submit detailed offers as part of a formal procurement process.

227. All calls for EOI shall be advertised on the UNIDO website and be published also on United Nations Global Marketplace (UNGM) website and, where relevant, similar websites.

228. To view the standard call for EOI template, please click here (for internal use only).

9.2 Bidder/Company Roster

9.2.1 Company Registration/Identification of Potential Bidders

229. Company registration is supported by SRM.

230. In addition, UNIDO uses the UNGM to obtain information on companies. The UNGM is a UN-wide electronic portal for company registration and publication of procurement notices, which is used by most UN agencies and organizations. Maintenance and system support is provided by the Secretariat of the UNGM.

231. It is the responsibility of the Procurement Official/Authorized Official to identify potential bidders. The identification of potential bidders shall be carried out in a transparent and non-discriminatory manner, in order to uphold the integrity and fairness of the procurement process.

232. The Procurement Official/Authorized Official may consider the following sources of information in identifying potential bidders:

- UNIDO's bidder and supplier master data in SRM;
- Suggestions by the Project Manager/Allotment Holder;
- UNGM or supplier lists maintained by other UN or international agencies/organizations;
- Market research/surveys.

233. Other information sources may also be considered, which assist in identifying potential bidders and which are available to UNIDO (internet, supplier lists, catalogues, chamber of commerce, directories or reference books, etc.).

234. The management and creation of bidders in the SRM portal is the responsibility of the Procurement Services Division, in cooperation with the Information Technology Services Division.

9.2.2 Supplier Master Data in SRM

235. The UNIDO supplier master data is stored in and accessed through SRM. The following creation and approval procedure is applied:

- (1) Creation of a new supplier: In case of decentralized procurement, the project team or, in case of centralized procurement, the Procurement Official enters the following mandatory data:
 - (a) General data, including name and address;
 - (b) Currency of contract.
- (2) Activation of a new supplier: Following the creation of a supplier master data, the Department of Finance will unblock the relevant supplier master data by verifying, in particular, that the bank account data reconciles with those stated in the supporting documents and other means of control (including IBAN checking).

236. For a step-by-step guide on how to create and approve suppliers please [click here](#) (for internal use only).

237. The Procurement Services Division, in collaboration with the Department of Finance, will periodically maintain the supplier master data (including the deletion of double entries and spelling mistakes).

10. Procurement Process

10.1 Procurement Timelines

238. The procurement timelines in respect of the various procurement methods described below are indicative, which must be considered by Project Managers/Allotment Holders for planning purposes and for the preparation of procurement plans.

239. The actual procurement timelines may deviate from the average depending on the actual time consumed for completing certain activities up to contract award, such as:

- (a) Review of technical specifications/terms of reference/statement of works;
- (b) Preparation and publishing of RFx events;
- (c) Submission of offers by bidders;
- (d) Preliminary examination, technical and commercial evaluation of offers;
- (e) Review by the Procurement Committee (when applicable);
- (f) Negotiations (when relevant);
- (g) Contract award;
- (h) Issuance of contracts/purchase orders.

240. Taking the above into account, the following indicative procurement timelines should be considered by Project Managers/Allotment Holders:

- RFQ: up to 2 weeks
- Call for EOI up to 6 weeks
- ITB/RFP (open international and geographically limited competition): up to 14 weeks
- RFO (i.e. waiver): up to 10 weeks
- Call-Off Purchase Order against LTA: up to 2 weeks

10.2 Preparation and Release of Bidding Documents

241. The Procurement Official/Authorized Official should prepare bidding documents, through the RFx functionality (which provides for templates, pre-formulated qualification requirements, exclusion criteria and evaluation criteria) in the SRM portal and/or, by using other UNIDO model bidding documents outside the system. When preparing the bidding documents a template for breakdown of costs shall be considered.

242. To view templates, please click [here](#) (for internal use only).

243. Procurement Officials/Authorized Officials shall complete the respective templates to capture all relevant data and information on the specific procurement requirement.

244. The available budget foreseen for the procurement requirement may be disclosed in the bidding documents.

245. For additional guidance, please [click here](#) (for internal use only).

246. If awarding purchase orders/contracts for parts of the requirement(s) to more than one bidder (e.g. lot systems) is foreseen, this shall be specified in the bidding documents.

247. Bidding documents may also include information on bidder conference(s)/site visit(s). The purpose of the bidder conference/site visit is to better acquaint bidder(s) with the requirement/site. They can be held individually or in a group and shall be accompanied by a UNIDO Representative (if deemed necessary, a Procurement Official/Authorized Official). Participants list and all matters raised during the site visit shall be duly documented.

248. Bidding documents shall normally be in the working languages of UNIDO (English and French). However when deemed necessary the Procurement Official/Authorized Official may opt to complement the bidding documents with information in a language different from the working languages of UNIDO. Nevertheless in case of dispute, the bidding documents in UNIDO working language(s), where available, shall prevail.

249. In case funds are not yet available, on an exceptional basis (please refer to section 8), bidding documents may be issued and published, as at such point in time UNIDO does not commit itself to any future contractual obligations. Such cases shall be duly justified by the Project Manager/Allotment Holder and a non-commitment clause shall be included in the bidding documents.

250. Bidding documents prepared and endorsed by the Procurement Official/Authorized Official shall be released through the RFX event functionality or outside the portal.

251. For step-by-step guidance on how to generate, approve and release bidding documents in SRM, please [click here](#) (for internal use only).

10.3 Requests for Clarification from Potential Bidders

252. Requests for clarification from potential bidders which may arise during the bidding process should be entertained only if they are in writing and addressed to the Procurement Official/Authorized Official responsible for the procurement. If the request is oral or addressed to a UNIDO staff member, ISA holder or an individual¹³ other than the responsible Procurement Official/Authorized Official, he/she shall not engage in any further discussion other than advising the potential bidder to forward the question, in writing, to the responsible Procurement Official/Authorized Official.

¹³ For example, the CTA, a UNIDO expert/consultant or a representative of the project beneficiary/counterpart.

253. The Procurement Official/Authorized Official must endeavour to respond to any request for clarification that UNIDO receives not later than the deadline for the receipt of requests for clarification indicated in the bidding documents.

254. The Procurement Official/Authorized Official, in cooperation with the Project Manager/Allotment Holder, where applicable, shall respond in writing to the request. The response shall include the bidder(s) question(s), without identifying the source of the query, shall be sent simultaneously, as a minimum, to all potential bidders that acknowledged their intention to participate in the procurement.

10.4 Amendments to Bidding Documents

255. The bidding documents may be amended, on an exceptional basis, normally not later than the deadline for receipt of requests for clarification indicated in the bidding documents. The amendment(s) shall refer to the original bidding documents, include the amendment number, and set forth in a clear and complete manner the exact changes made. All potential bidders that have acknowledged their intention to participate in the procurement shall, as a minimum, be notified simultaneously and in writing of any amendments. Any and all amendments made pursuant to the provisions of the RFX event will be binding on the bidders.

256. In cases when it becomes necessary to modify technical specifications/terms of reference/statement of works, the Authorized Official shall issue an amendment to the bidding documents or, in case of centralized procurement, submit the required modifications to the responsible Procurement Official, with an explanation of the reasons for the proposed amendment. An amendment of the bidding documents may also be necessitated based on a request for clarification received from a potential bidder.

257. The Procurement Official/Authorized Official shall evaluate whether ample time remains for potential bidders to consider the amendment made to the bidding documents. If ample time is not available, the Procurement Official/Authorized Official shall extend the deadline to provide potential bidders sufficient time to take the amendment into consideration.

258. Any modifications/changes to the technical specifications/terms of reference/statement of works after the deadline for the receipt of offers are not permissible. Therefore, particular attention shall be paid to the completeness and clarity of the requirements before the bidding documents are released.

10.5 Receipt and Opening of Offers

259. Bidders must submit offers strictly in compliance with the bidding documents.

10.6 Receipt of Offers through the SRM Portal including Surrogate Bidding

260. When bidding documents are published through the SRM portal (RFx event), offers shall normally be submitted through the portal. In case a bidder cannot access the portal, offers may, on an exceptional basis, be received outside the portal.

261. Offers received exceptionally outside the system, shall be uploaded in the portal before the opening date and time, preferably, through the Surrogate Bidding process.

262. As of the opening date and time, offers may be accessed/opened directly in the portal by duly authorized individuals. No opening protocol is required in such cases.

263. For a step-by-step guide on the receipt, opening and uploading of offers (Surrogate Bids) in the SRM portal, please [click here](#) (for internal use only).

10.7 Receipt of Offers outside the SRM Portal

264. In respect of centralized procurement, offers may be received in sealed envelopes or by e-mail. Offers received outside the portal shall be kept secured until the opening date.

265. All offers received in sealed envelopes for biddings conducted outside of the SRM portal shall be opened in the presence of three staff members/ISA Holders. The relevant Procurement Official and the Project Manager/Allotment Holder shall not attend. The opening protocol shall be prepared and signed by all members attending the opening session. The opening protocol shall indicate the date and time of opening, the name of the participants and list all offers received [bidding reference, name and country of bidder, amount and currency (if applicable), remarks (if any) etc.

266. In cases where, on an exceptional basis, e-mail submissions are accepted, a secured and dedicated e-mail account should normally be set up by CMO/OSS/ITS and respective password provided to Procurement Services Division on the opening date and time.

267. Quotations received in response to a RFQ do not require an opening protocol and therefore do not need to be opened on the same day.

268. The opening protocol for offers received in two sealed envelopes (technical and commercial) shall be made in two stages as follows:

- (i) The technical offers shall be opened first and the relevant technical evaluation shall be carried out in accordance with the procedures described herein by the Project Manager/Allotment Holder or, where relevant, the Evaluation Group;

(ii) Once the technical evaluation has been completed, the Procurement Official arranges for the opening of the commercial offers of those bidders whose technical offers were found to be technically compliant/substantially responsive and, where required, meeting the minimum technical score.

10.8 Late Offers

269. The SRM portal does not allow for submission of offers after the RFX deadline.

270. For bidding processed outside the SRM portal, the following shall apply:

- When an offer is received after the deadline for the receipt of offers indicated in the bidding documents, the actual date of receipt shall be indicated on the outer envelope of the offer.
- Offers received after the above deadline should normally be rejected. In such a case, the Procurement Official/Authorized Official may enquire with the relevant bidder as to whether the offer should be returned unopened or destroyed.
- However, in respect of centralized procurement, if the offer is received between the deadline for receipt of offers and the opening date and time specified in the relevant RFX event, the Procurement Official may, at his/her own discretion, accept the late offer and decide that it shall be opened with the other offers, provided the relevant bidder presents sufficient evidence that the offer was sent well in advance of the deadline specified in the bidding documents. The relevant Procurement Official shall document in writing the reason(s) to accept a late offer.

10.9 Offers Opened Inadvertently Before the Deadline

271. Any offers inadvertently opened before the deadline for receipt of offers shall be reported to the attention of the Chief, Procurement Services Division, for further action. A statement shall be placed in the secured PO folder in OpenText.

10.10 Unsolicited Offers

272. In case of restricted competition, unsolicited offers received (i.e. offers from companies that have not been invited), shall be rejected and returned, if requested by the company. A statement shall be placed in the secured PO folder in OpenText.

10.11 Alternative Offers

273. Unless otherwise specified in the bidding documents, alternative offers shall be permitted.

10.12 Consultation with the Office of Legal Affairs

274. When the Procurement Official/Authorized Official considers that a particular procurement will be especially complex or sensitive (e.g. because the procurement is of an especially high value or high risk; presents novel legal issues; or possesses a serious risk of damage to property or injury), the Procurement Official/Authorized Official, through the Chief, Procurement Services Division, should seek the guidance and advice from the Office of Legal Affairs. Such advice and guidance shall be sought at an early stage of the procurement process, in order to ensure that all legal issues relating to, e.g. the bidding documents and/or the enclosed model contract documents are addressed in a timely manner. Where relevant, such submission shall only be made once other necessary internal clearances on the draft document have been obtained.

11 Evaluation

11.1 General Considerations

275. Evaluation is the process of assessing and comparing offers in accordance with the evaluation methodology stated in the bidding documents in order to determine which offer best complies with the defined evaluation criteria.

276. It is the joint responsibility of the Procurement Official/Authorized Official and the Project Manager/Allotment Holder, as applicable, to ensure that the offer meets all requirements and criteria.

277. The Procurement Official/Authorized Official and the Project Manager/Allotment Holder may engage external expert(s)/consultant(s)/official(s) to support, or provide advice/inputs, on the evaluation.

278. Where relevant, each UNIDO staff member and ISA holder involved in procurement processes shall sign the “Declaration of Procurement Ethics and Professional Standards” form.

279. To download the form, please [click here](#) (for internal use only).

11.2 Evaluation Procedures

280. Procedurally, the evaluation of offers follows different routes depending on the value of the intended commitment. In UNIDO the following evaluation procedures are applicable:

Value of Intended Commitments	Summary Description of Evaluation Procedures
Decentralized Procurement	
Up to €40,000	<ul style="list-style-type: none">• Opening of all offers received;

	<ul style="list-style-type: none"> • The Authorized Official conducts the preliminary examination/technical and commercial evaluation; • The Authorized Official selects the technically acceptable lowest cost offer.
Centralized Procurement	
Below €200,000	<ul style="list-style-type: none"> • Opening of all offers received; • The Procurement Official conducts a preliminary examination of all offers; • The Project Manager/Allotment Holder prepares and approves the technical evaluation and submits it to the relevant Procurement Official; • Having ascertained that the technical evaluation is compliant with the relevant evaluation provisions in the bidding documents and this Manual, the Procurement Official prepares the commercial evaluation, certifies it and selects the offer in line with the relevant selection criteria specified in the bidding documents.
Equal to or above €200,000 (threshold for Procurement Committee) and below €1,000,000 (threshold for application of the two envelope system).	<ul style="list-style-type: none"> • Opening of all offers received; • The Procurement Official conducts a preliminary examination of all offers; • The Project Manager/Allotment Holder prepares and approves the technical evaluation and submits it to the relevant Procurement Official; • The Procurement Official, in consultation with the Project Manager/Allotment Holder/Evaluation Group, where applicable, prepares the commercial evaluation and certifies it. He/she prepares a submission to the Procurement Committee containing an award recommendation based on the selection criteria specified in the bidding documents; • The MD/CMO, based on the recommendation of the Procurement Committee, considers and approves/rejects the award.
Equal to or above €1,000,000 When deemed necessary Group Evaluation may be considered (please refer to section 11.4)	<ul style="list-style-type: none"> • All technical offers are opened; • The Procurement Official conducts a preliminary examination of all offers; • The Project Manager/Allotment Holder/Evaluation Group, where applicable, prepares and approves the technical evaluation and submits it to the relevant Procurement Official;

	<ul style="list-style-type: none"> • Having ascertained that the technical evaluation is compliant with the relevant technical evaluation provisions in the bidding documents and this Manual, the Procurement Official arranges for the opening of the relevant commercial offers; • The Procurement Official, in consultation with the Project Manager/Allotment Holder/Evaluation Group, where applicable, prepares the commercial evaluation and certifies it. He/she prepares a submission to the Procurement Committee containing an award recommendation based on the selection criteria specified in the bidding documents; • The MD/CMO, based on the recommendation of the Procurement Committee, considers and approves/rejects the award.
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281. In general, evaluation decisions should be made by consensus by both the Project Manager/Allotment Holder and the Procurement Official.

282. In the unlikely event that consensus cannot be reached between the Project Manager/Allotment Holder/Evaluation Group and the Procurement Official, the dissent related to the contents and/or conclusions of the evaluation shall be forwarded to the Chief, Procurement Services Division for review and advice.

283. To view templates of recommended technical and commercial evaluation forms, please [click here](#) (for internal use only).

11.3 Evaluation Process

284. When offers have been received and opened, the evaluation process must be conducted by strict adherence to the qualification requirements, exclusion criteria and evaluation criteria specified in the bidding documents. The qualification requirements, exclusion criteria and evaluation criteria must under no circumstances be altered or changed during the evaluation process.

285. Normally, the evaluation process consists of the following sequential steps:

- Preliminary examination of offers;
- Technical evaluation of offers;
- Commercial evaluation of offers;
- Selection of bidder(s) and recommendation of award (with negotiations where applicable).

286. One important aspect during the entire evaluation process is to determine whether offers received are **substantially responsive**, i.e. conforming

to all terms and conditions of the bidding documents without material deviations. A material deviation is one that:

- would affect the substantive scope, quality or performance of the goods, works or services required by UNIDO;
- would be substantially inconsistent with the technical/commercial requirements and criteria, UNIDO's rights or the bidder's obligations under the purchase order/contract;
- if rectified, would unfairly affect the competitive position of other bidders who submitted substantially responsive offers;
- renders the offer as substantially incomplete (i.e. does not contain mandatory information as required in the bidding documents);
- includes commercial information in the technical offer when using a two-envelope procurement method.

11.3.1 Preliminary Examination

287. The evaluation process shall begin with a preliminary examination and administrative review of all offers received and opened. The Procurement Official/Authorized Official, in cooperation with the concerned Project Manager/Allotment Holder or Evaluation Group, where applicable, will examine all offers to determine whether they are substantially responsive.

288. The preliminary examination includes review of matters such as:

- compliance with the qualification requirements specified in the bidding documents;
- submission of the duly signed statement of confirmation, or any other requested statement along with the requesting accompanying documentary evidence within the given deadline, pursuant to the UNIDO Policy on Exclusion from Funding (DGB/2021/15);
- completeness of offers (i.e. contain mandatory information as required in the bidding documents);
- duly signed/certified supporting documents;
- commercial information is not included in the technical offer when using a two-envelope procurement method.

289. The preliminary examination may also involve a background check of bidders (e.g. to conduct reference checks, to verify that the bidder is legally established, financially solvent, etc.).

290. It is the responsibility of the Procurement Official to verify the completeness and clarity of the information submitted. To this effect, the Procurement Official may contact the bidder to obtain clarifications/additional information required to assess the compliance.

291. An offer not being substantially responsive should normally not be considered any further in the evaluation process and should be disqualified. Such an offer may not be subsequently made responsive by correction of the non-conformity.

292. The Procurement Official shall document the results of the preliminary examination in a table format. The results shall be shared with the Project Manager/Allotment Holder or, where relevant, the Evaluation Group.

293. In respect of decentralized procurement, the Authorized Official shall carry out the preliminary examination of offers commensurate with the amount and level of risk of the relevant procurement requirement.

11.3.2 Technical Evaluation

294. The Project Manager/Allotment Holder is responsible for the evaluation of the technical and substantive aspects of the offers and preparation of the technical evaluation. He/she should possess technical expertise and experience that is commensurate with the type and complexity of the procurement case. If the Project Manager/Allotment Holder considers that specific expertise is needed, external evaluator(s) can be invited to participate in the technical evaluation. The Procurement Official/Authorized Official shall provide necessary procedural and administrative guidance to the Project Manager/Allotment Holder, where required, concerning the technical evaluation.

295. The technical evaluation shall normally include but not necessarily be limited to the following:

- (a) Analysis of the compliance with all the requirements set out in the technical specifications/terms of reference/statement of works and comparison of offers, preferably in a tabular form and on line by line item basis, indicating compliance or non-compliance.
- (b) Concise comparative analysis and evaluation against the technical evaluation criteria specified in the bidding documents. The technical evaluation should ascertain that the offer is technically acceptable and does not contain material deviations from the technical requirements (i.e., being substantially responsive). Minor deviations that do not affect the quality of an item or service shall not affect the technical acceptability of such an item or service, if the Procurement Official and the Project Manager/Allotment Holder or, where relevant, the Evaluation Group are satisfied that the minor deviations are non-material.
- (c) A clear statement identifying the technical compliance/acceptability of the offer. In case the offer is not acceptable (according to established pass/fail criteria or minimum technical score), specific reasons shall be indicated.

296. In the case of centralized procurement, if the technical evaluation process and documentation thereof is not in line with the technical evaluation criteria and requirements set out in the technical specifications, terms of reference or scope of works, the Procurement Official shall return the technical evaluation to the Project Manager/Allotment Holder/Evaluation Group for review, revision and resubmission thereafter.

297. If there are significant variations in the offers received, attributable to discrepancies, inconsistencies or ambiguities in the technical specifications,

terms of reference or statement of works specified in the bidding documents, a new procurement process should be conducted. In such a case, all offers received shall be rejected and the affected bidders informed accordingly.

298. When a rating/scoring evaluation system is applied, only substantially responsive offers meeting or exceeding the technical requirements of the bidding documents are determined as technically acceptable.

299. Any option or alternative which a bidder proposes in its offer, where permitted, shall be carefully examined to ensure that such offer or alternative offer is in conformity with the terms and conditions of the bidding documents.

300. For complex and high value or high risk procurement requirements, the technical evaluation may include the presentation of the technical offer by the bidder(s) if so specified in the bidding documents. In this regard, the following guiding principles should be taken into consideration:

- Presentations of technical offers should normally be held physically at a UNIDO office or, alternatively, set up by electronic means such as video conference, etc.;
- Bidders shall be advised that the presentation is an integral part of the technical evaluation. Bidders are, therefore, strongly advised not to disclose information or submit documents of whatever nature containing price or commercial information;
- The presentation documents should be received by the Procurement Official for distribution to the Project Manager/Allotment Holder or, where relevant, to the Evaluation Group prior to the presentation. The presentation documents should mirror the structure of the corresponding technical offer and may address additional technical aspects which have been conveyed by the Procurement Official to the bidder in advance of the presentation. If permitted, the presentation may be followed by a question and answer session which together with the main presentation shall be documented accordingly;
- In general, information disclosed during the presentation shall be treated in a confidential manner and shall not be disclosed to staff members or individuals who have not been involved in, or associated with, the particular procurement process.

11.3.3 Commercial Evaluation

301. After the technical evaluation of the offers is completed, the Procurement Official/Authorized Official shall proceed with the commercial evaluation of those bids that were found to be substantially responsive and technically acceptable.

302. In the case of a two-envelope system, the Procurement Official shall proceed with the opening of the commercial offers of those bids that were found to be substantially responsive and technically acceptable.

303. In case of centralized procurement, the Procurement Official is responsible for the commercial evaluation of the offers. He/she may involve the Project Manager/Allotment Holder as deemed necessary.

304. The commercial evaluation shall:

- determine that the commercial offers are complete (i.e. whether bidders have provided cost breakdown for all items indicated in the corresponding technical offers), properly signed, arithmetically correct and that they include all pertinent costs for the requirements specified in the bidding documents;
- contain in a tabular form an assessment against the commercial evaluation criteria specified in the bidding documents.

305. Arithmetical errors, if any, shall be corrected on the following basis:

- If there is a discrepancy between the unit price and the total cost that is obtained by multiplying the unit price by quantity, the unit price shall prevail and the total cost shall be corrected;
- If there is a discrepancy between words and figures the amount in words shall prevail.

306. If the bidder does not accept the correction of errors, its offer may be rejected.

307. The commercial evaluation shall also include any and all taxes, duties, levies, fees, etc. that are applicable under the laws and regulations of the location of the assignment and that may be payable by UNIDO.

308. When considering whether to split the award among several bidders, possible savings from procuring items at a lower price from several bidders must be compared with the transaction cost to UNIDO of placing several purchase orders/contracts as well as with related supply chain, logistical and warranty issues.

309. For high value or high risk procurements, it is recommended that, as part of a reference check/post-qualification review, a final background check be conducted in respect of the bidder whose offer is considered for award.

310. For purchase of equipment, the Procurement Official/Authorized Official may compare prices of the goods/equipment on an ex-works (INCOTERMS 2020) basis (i.e. without quoted transportation costs). Such cases may be appropriate where the transportation costs are found to be higher than UNIDO's own estimated costs or where split awards are considered.

311. The Procurement Official shall prepare a commercial evaluation table of all substantially responsive and technically acceptable offers and may share it with the Project Manager/Allotment Holder or, where relevant, the Evaluation Group for their review.

312. At the discretion of the Procurement Official and the Project Manager/Allotment Holder, the results of the evaluation may be shared with the recipient of the services/equipment to ensure concurrence and buy-in.

11.4 Evaluation of Offers by an Evaluation Group

313. With regard to the establishment of an Evaluation Group, please refer to section 8.3.3.

314. In principle, the evaluation process follows in all material aspects the provisions specified below.

315. Upon receipt and opening of the technical offers, the Procurement Official together with the relevant Project Manager/Allotment Holder shall carry out the preliminary examination and administrative review of all offers in order to ensure that the offers are qualified and substantially responsive.

316. Following the preliminary examination of all offers, the Procurement Official, in cooperation with the Project Manager/Allotment Holder, prepares a draft of the preliminary examination which, being part of the evaluation report, may be distributed to the Evaluation Group for review.

317. After completion of the preliminary examination, the Evaluation Group conducts the technical evaluation of all substantially responsive offers. Upon completion of the technical evaluation, the evaluation report (documenting the findings etc.) is completed and signed by all members of the group.

318. The Evaluation Group normally shall adopt its decisions and recommendations by consensus. If, in a particular case, no consensus can be reached, the Evaluation Group may adopt a decision or recommendation by a majority vote. In the event the votes are divided, the vote of the Chair (if any) shall be decisive. The views and positions of the Evaluation Group shall be recorded in the minutes.

319. Thereafter, commercial offers corresponding to the technically acceptable offers shall be opened. The Procurement Official, in cooperation with the Project Manager/Allotment Holder and/or the Evaluation Group, prepares the commercial evaluation, which shall be a part of the evaluation report. During the preparation of the commercial evaluation, the Evaluation Group may be consulted. In that case, the final evaluation report may be signed by all members of the Evaluation Group.

11.5 Requests for Clarification and Additional Information from Bidders

320. If the offer is unclear or ambiguous, the bidder(s) may be contacted by the Procurement Official/Authorized Official in writing for a clarification. Such clarification shall be limited to the actual material issue, and not be utilized to

modify the offer. The request shall state UNIDO's understanding of the issue and request confirmation of this understanding.

321. If any information is missing in an offer, the Procurement Official/Authorized Official may opt to obtain such information and not immediately reject the offer. In case the bidder fails to provide the requested information by the date specified by the Procurement Official/Authorized Official, the offer may be rejected.

322. Requests for clarification should be sent to bidders in writing. However, for some procurement activities it might be required to hold clarification meetings. In such cases meeting minutes or similar documents shall be made and placed in the secured PO folder in OpenText.

323. No one except the Procurement Official/Authorized Official shall contact the bidders during the evaluation of the offers.

11.6 Post-Qualification/Reference Checks

324. The Procurement Official, in consultation with the Project Manager/Allotment Holder, or the Authorized Official may decide to undertake a post-qualification/reference check exercise aimed at determining, to the satisfaction of UNIDO, the validity of the information provided by the bidder. For costs reasons, such post-qualification/reference check should be limited to the bidder recommended for contract award.

325. The post-qualification/reference check shall be fully documented and may include but not be limited to the following aspects relevant to the procurement process:

- Verification of accuracy, correctness and authenticity of information provided by the bidder on the legal, technical and financial documents submitted;
- Validation of extent of compliance to the procurement requirements and evaluation criteria;
- Inquiry and reference checking with Government entities with jurisdiction on the bidder, or any other entity that may have done business with the bidder;
- Inquiry and reference checking with previous clients on the quality of performance on ongoing or previous purchase orders/contracts completed;
- Physical inspection of the bidder's offices, branches or other places where business transpires;
- Quality assessment of ongoing and completed outputs, works and activities similar to the requirements of the relevant procurement, where relevant;
- Other means that UNIDO may deem appropriate, at any stage within the evaluation and selection process, prior to awarding the contract.

11.7 Negotiation Procedures

326. Negotiations may be carried out with selected bidder(s) prior to award of contract. The aim of negotiations is to obtain better terms and conditions while not compromising the principles of fairness and transparency, effective competition, best value for money and best interest of the Organization. In some cases, negotiations may be justified after contract award.

327. Negotiations with bidder(s) may be required for the following reasons: (a) in order to attempt to reduce the price of the submitted offer; or (b) to agree on specific contractual terms and conditions.

328. The possible reasons for entering into negotiations are:

- The offer(s) is/are above the planned or available budget;
- There is a significant difference between the highest ranked offer(s) and the other one(s);
- Only one offer is received;
- The scope of the offer includes additional equipment and/or services which were not originally specified in the bidding documents;
- The offer contains DSA, travel cost, and other rates and fees that are not in line with standard rates;
- The Procurement Official/Authorized Official in agreement with the Project Manager/Allotment Holder/Evaluation Group considers that entering into negotiations could improve one or more aspects of the technical and/or commercial offer.

329. Negotiations shall be performed taking into consideration the principle of equality and fair treatment of the bidders.

330. During the negotiations, no information obtained from other bidders shall be disclosed to the bidder(s) with whom negotiations are being conducted.

331. Bidders shall be advised that their participation in negotiations does not imply or result in any obligation or commitment on the part of UNIDO, either with regard to any proposed terms and conditions being discussed during the negotiations or with respect to the final award.

332. Any costs incurred by the bidder and/or its representative(s) in connection with the negotiations shall be at the bidder's expense.

333. As a minimum, the Procurement Official assigned to the case, the Project Manager/Allotment Holder concerned and, where relevant, one or several members of the Evaluation Group shall represent UNIDO in the negotiations. In addition, other procurement staff as well as representatives from other offices, e.g. Office of Legal Affairs, may be represented.

334. Negotiations shall be based on the original technical specifications/terms of reference/statement of works included in the bidding documents.

Modifications or changes of the offer should be avoided since this would undermine the integrity of the procurement process.

335. Negotiations may be carried out in the form of direct discussions/meetings between UNIDO and the bidder(s) (direct negotiations) or through a unilateral request by the Procurement Official/Authorized Official for a best and final offer or a combination thereof to improve specific aspects of the offer(s) (technical and/or commercial). In case negotiations are unsuccessful, all offers may be rejected and a new procurement process based on the modified technical specifications/terms of reference/statement of works may be carried out.

336. The selection of the negotiation procedure depends on different factors, such as the selected procurement method, the justification for negotiations, the nature and complexity of the procurement requirement, etc.

11.7.1 Best and Final Offer

337. After completion of the technical and commercial evaluation, to safeguard effective competition, best value for money, as well as the best interest of the Organization principles, the Procurement Official in agreement with the Project Manager/Allotment Holder/Evaluation Group may decide to enter into competitive negotiations through the Best and Final Offer (BAFO) method with bidders whose proposal(s) were found technically acceptable, and who are within a competitive range.

338. The procedure for attaining the BAFO requires professional negotiation skills. It shall, therefore, be used judiciously and with sound professional judgement thereby considering the procurement principles of the Organization. The purpose of the BAFO is to clarify ambiguities, correct obvious mistakes, point out weaknesses and deficiencies, and generally seek improvements in either or both the technical and commercial offers. Normally, the BAFO shall be considered for procurement processes whose intended commitments equal to or are above €200,000 and shall be conducted by the Procurement Official in close cooperation with the Project Manager/Allotment Holder/Evaluation Group.

339. All bidder(s) within the competitive range, by strict adherence to the principles of equal treatment and non-discrimination, shall be requested to provide their BAFO by a prescribed deadline.

340. The request to submit a BAFO shall only contain information pertaining to the technical and/or commercial proposal of each relevant bidder without disclosing the technical or commercial evaluation results or information disclosed by competing bidders.

341. Bidders shall be informed of the deficiencies of their offers and that price increases will not be accepted, and in the event that they decline to alter the terms of their original proposal, such decision will not disqualify them. For example, bidders may be requested to offer to extend warranty periods, to offer additional discounts and/or to shorten delivery time and other performance

indicators of benefit to the Organization. The request for the BAFO shall not contain any information committing the Organization.

342. In order to maintain the integrity of the process, technical, commercial or other market information revealed during discussions with bidders shall be confidential. All communications with bidders shall be fully documented.

343. Typically, the BAFO submitted by the bidders should consist of complete revised proposals and normally be submitted in the SRM portal.

344. The BAFO shall normally allow bidders to lower their prices and/or to add value to their offers, provided that the requested scope in relation to UNIDO's procurement requirements is not changed thereby.

345. In cases where the offer is improved, the resulting changes are subject to review by the Procurement Official in close collaboration with the Project Manager/Allotment Holder/Evaluation Group. Such cases would need to be clearly highlighted and documented during the final approval stage.

346. After having received the BAFO(s) from bidder(s), the Procurement Official and the Project Manager/Allotment Holder/Evaluation Group shall complete the technical and commercial evaluation, obtain additional clarifications, if deemed required, and shall then, based on the final comparison of the competing offers, reach a final decision.

11.8 Modification of Offers

11.8.1 Before Deadline for Receipt of Offers

347. Offers may be modified by the bidder in writing, prior to the deadline for the receipt of offers specified in the bidding documents.

11.8.2 After Deadline for Receipt of Offers

348. Any alteration of the offer after the deadline for receipt of offers shall not be accepted, unless such modification is due to obvious errors or omissions and the bidding documents allow for such corrections.

11.8.3 Withdrawal of Offer after Deadline for Receipt of Offers

349. In case of withdrawal of offers after the deadline for receipt of offers, for record-keeping purposes the bidder may be requested to provide a reason for withdrawal in writing.

11.8.4 Cancellation of Procurement Process

350. To the extent possible, the cancellation of a procurement process should be avoided.

351. The responsible Procurement Official/Authorized Official may cancel the procurement process:

- when no qualified bids have been received by the set deadline for receipt of bids or all submitted bids have been withdrawn;

- in the cases where there are significant violations of the procedure;
- in case of a cancellation of the funding under the respective TC programme or project;
- when it is in the best interest of the TC programme or project, of UNIDO, of the funding partner, or of the Government;
- the requested deliverables are no longer needed;
- the requirements have substantially changed.

352. If it becomes necessary to cancel the procurement process, the Procurement Official/Authorized Official shall issue a notification that the procurement process has been cancelled. Such notification shall be distributed simultaneously to all potential bidders which have acknowledged their intention to participate in the procurement process and to all bidders which have submitted offers.

353. The reason(s) for cancellation shall be recorded by the Procurement Official/Authorized Official concerned and placed in the secured PO folder in OpenText.

12 Selection and Award of Contract

354. The award of a procurement contract shall be made after due consideration has been given to the best value for money principles and the interests of UNIDO in accordance with financial rule 109.5.6 as follows:

- (a) When a Request for Quotation has been issued, contracts are awarded to the bidder that has submitted the lowest price quotation meeting the requirements of the bidding documents;
- (b) When a formal Invitation to Bid has been issued, the contract/purchase order shall be awarded to the qualified bidder whose bid is technically acceptable/conforms to the requirements set forth in the bidding documents and offers the lowest cost to UNIDO;
- (c) When a formal Request for Proposal has been issued, the contract shall be awarded to the qualified bidder whose technical proposal is technically acceptable/meets the predefined minimum technical score and whose price proposal is the lowest.

355. Purchase orders/contracts shall be awarded by the Procurement Official/Authorized Official in accordance with their respective delegated procurement authority.

12.1 Submissions to the Procurement Committee

356. The Procurement Committee shall review the submissions of the Procurement Services Division for their compliance with the financial regulations and rules of UNIDO, other regulating documents and the present Procurement Manual and render a recommendation to the MD/CMO.

357. Submissions are prepared and made by the Procurement Official, subject to screening and endorsement by the Chief, Procurement Services Division.

358. The following cases of procurement processes shall be submitted to the Procurement Committee for consideration and recommendation to the MD/CMO:

- (a) Any proposed initial contract¹⁴ that involves actual or potential commitments to a single contractor in respect of a single requisition for a specific project or purpose, or a series of requisitions relating to the same specific procurement requirement, with a value equal to or above €200,000 within one calendar year¹⁵;
- (b) Any proposed amendment, modification or renewal of a contract previously reviewed by the Committee that, alone or in aggregate, increases the originally approved contractual amount by more than twenty (20) per cent or €200,000, whichever is lower;
- (c) Any proposed contract, or any proposed amendment, modification or renewal of a contract, that, irrespective of amount, the Procurement Services Division determines should be reviewed by the Committee;
- (d) Any proposed amendment, modification, or renewal of a contract that was not previously submitted to the Committee, where the aggregate amount equals to or exceeds €200,000 in respect of the same project or purpose and contractor;
- (e) All proposed contracts or series of inter-related contracts that involve income to the Organization equal to or above €200,000 in a calendar year, and any contracts relating to activities where the estimated annual income therefrom, when aggregated with the annual income from any other contract or contracts already made with the same party in any calendar year, amounts to €200,000 or more. Contractual arrangements resulting from the recommendations of the Property Survey Board or the Publications Committee shall not be referred to the Committee;
- (f) Such other matters as may be referred to the Committee by the Director General, MD/CMO, or such other officials authorized under financial rule 109.5.2(a).

359. The submissions shall be made using standard templates, be comprehensive and detailed and shall include, as a minimum, the following documents and information:

- Eligibility criteria, qualification requirements, exclusion criteria and evaluation criteria;
- Summary of the preliminary examination, technical evaluation and commercial evaluation;

¹⁴ A contract is understood to include a purchase order, long-term agreement ("LTA"), leases and other forms of agreement for procurement of goods and services under the financial rules.

¹⁵ The threshold shall take into account the aggregate period of the relevant contract, including the aggregated estimated cost of any option.

- The technical specifications/terms of reference/statement of works;
- Other supporting documents, as may be appropriate.

360. Procurement submissions, based on waivers under financial rule 109.5.5 (a) (i) to (viii), for procurement requirements carried out under centralized procurement with an intended commitment of €200,000 or more should ensure/state the following:

- (a) that the relevant request is complete;
- (b) that the detailed justification(s) provided by the relevant Project Manager/Allotment Holder satisfy one or several of the prescribed pre-conditions for invoking waivers; and
- (c) that by invoking waiver, UNIDO's procurement principles are upheld.

361. To view the Terms of Reference of the Procurement Committee, please [click here](#) (for internal use only).

362. To view the standard Procurement Committee submission templates, please click here (for internal use only).

12.2 Statement of Award

363. Purchase orders/contracts are awarded by the Procurement Official/Authorized Officer within his/her level of delegated procurement authority or upon approval by the MD/CMO, as applicable.

364. The basis (i.e. financial rule) for the award of a purchase order/contract and any amendments shall be stated through the respective procurement procedure in the SRM portal and/or recorded and dated in the statement of award.

365. To view a list of procurement procedures, please [click here](#) (for internal use only).

12.2.1 Commitment of Funds

366. Upon approval of award, the Procurement Official/Authorized Official creates and approves the purchase order/contract. In the SRM portal, an automatic funds checking is executed and the commitment confirmed concurrently.

367. For step-by-step guidance on how to create and approve purchase orders/contracts in the SRM portal please [click here](#) (for internal use only).

12.2.2 Notification and Debriefing Procedures

368. Within five days from receipt of the approved statement of award, the Procurement Official shall send a notification of award to the successful bidder(s) and, notification(s) of rejection to the unsuccessful bidder(s). The notification(s) of rejection to the unsuccessful bidder(s) should, where required by the relevant funding partner, state the grounds for the rejection, the date of the statement of

award and the procedures and deadlines to protest the award. Please refer to the relevant Guidance Note [click here](#) (for internal use only).

369. UNIDO does not routinely debrief unsuccessful bidders. However, a debriefing may be conducted upon written request.

370. The scope of the debriefing, where relevant, is to identify the deficiencies or weaknesses of the bidder's bid(s). Debriefings shall not discuss the following:

- Trade secrets or other proprietary information including the methodology or approach of other bidders;
- Financial or cost information about other bidders;
- Evaluation scoring or the ranking of the bidders; and
- Details about other bidders.

12.2.3 Protest Procedures

371. A bidder who believes that it has been unjustly treated in connection with a procurement process may lodge a protest through the chief.procurement@unido.org email address.

12.2.4 Information to Bidders

372. All bidders must be informed of UNIDO's protest procedures in the bidding documents, as well as in the notification(s) of rejection of bids. Unless otherwise specified, protests of an award shall be received by the relevant Procurement Official within ten days of receipt of such notification. If no protests have been received within the deadline, the Procurement Official shall proceed with the conclusion of the contract with the successful bidder(s).

12.2.5 Receivability of Protests

373. For a protest to be received and substantially assessed by UNIDO, it shall satisfy the following criteria:

- a) The protest is submitted to the protest inbox (chief.procurement@unido.org);
- b) The protest is for a bidding procedure, for which the bidder actually submitted a bid, thus making the bidder an interested party;
- c) The protest is for an award exceeding € 200,000 in value;
- d) The protesting bidder must show prejudice and substantiate its allegations. The following types of prejudice will be considered to be receivable in principle: (i) the qualification requirements, evaluation criteria and award criteria established in the bidding documents were violated, and, but for the violation, the protester would have been awarded the contract; and (ii) a significant or material deviation or breach of the procedures and principles governing procurement, including irregularities such as misconduct, conflict of interest, fraud, etc. occurred;
- e) The protest must be submitted in an official working language of UNIDO;
- f) The protest must contain the following information:

- The protestor's name, address, telephone number and email address;
- The RfX or bidding reference number and the name of the relevant Procurement Official;
- A detailed statement of all factual and legal grounds for the protest and an explanation of how the protester was prejudiced or wronged;
- Copies of relevant documents supporting the protester's statement, i.e. information establishing that the protester is an interested party for the purpose of filing a protest.

374. Receivability determinations shall be made by the Chief, Procurement Services Division. The Chief, Procurement Services Division shall have the discretion to request additional information from the bidder, if he/she deems it appropriate. Unsupported allegations and assertions are not sufficient for the process to continue. A decision rejecting the receivability of the protest by the Chief, Procurement Services Division, is final and shall be communicated in writing to the protesting bidder.

12.2.6 Review of the Merits and Conclusion of Protests

375. Upon review of a protest, the Chief, Procurement Services Division, shall decide, in consultation with the relevant Procurement Official, on the merits of the protest. However, in the event the nature of the protest requires the expertise of other functions in UNIDO, the Chief, Procurement Services Division, may submit the protest to the MD, CMO, who shall draw on a pool of UNIDO personnel and/or experts to establish an advisory ad hoc panel to review the protest. The panel should be comprised of an odd number of members, a minimum of which shall be three members. Members may include, depending on the subject matter, representatives from CMO/FIN, CMO/HRM, CMO/OSS/PRO and CMO/EAO. Subject matter experts shall recuse themselves in cases where their involvement will entail real or apparent conflicts of interest. In cases where an ad hoc panel is formed, the panel's recommendations shall be approved by the MD, CMO.

376. In any case, the relevant Procurement Official shall notify the protester of the final decision on the merits of the protest.

377. If the protest received involves allegations of misconduct or fraudulent practices by UNIDO personnel, the protest shall be referred to ODG/EIO.

378. The contract(s) will be concluded with the successful bidder(s), unless the Chief, Procurement Services Division, or MD, CMO determines either to suspend the process until the merits of the protest have been decided upon, or, if the totality of the circumstances militate, cancel the procurement process and start a new bidding process.

379. Nothing in the above procedures or in any procedure or action by or relating to UNIDO with respect to or in connection with a debriefing or a protest procedure shall be deemed in any way to constitute a waiver of any of the privileges and immunities of UNIDO.

12.2.7 Publication of Award

380. Within fourteen days from the date of receipt of the countersigned contract, the relevant Procurement Official publishes, subject to applicable thresholds and other conditions required by relevant funding partners, the award notice. The award notice should, at a minimum, contain the following information:

- Contractor name¹⁶ and address;
- Description of procurement notice;
- Awarded currency and amount;
- Award date;
- Location/country.
- Funding partner.

381. The award notice shall, at a minimum, be published on the websites of UNIDO and UNGM, in addition to other relevant websites as required by the funding partner(s). For a step-by-step guidance, please [click here](#) (for internal use only).

382. The award notice shall be published on the above-referenced websites no later than 30 June of the year following the financial year in which the awarded funds were legally committed, or as otherwise agreed with the funding partner(s).

12.3 Procedure for Retroactive and Post Facto Approval

383. A retroactive situation occurs when no purchase order/contract or amendment thereof was issued by UNIDO, but deliverables have already commenced and/or provided in part.

384. A post facto situation occurs when no purchase order/contract or amendment thereof was issued by UNIDO, but the deliverables have already been provided in full.

385. Retroactive and post facto situations shall be rare exceptions and may be accepted by UNIDO only under exceptional circumstances¹⁷.

386. Retroactive situations up to €40,000 and post facto situations shall undergo a special review by the Department of Finance in accordance with established procedures, before related payments are authorized and made, of if payment is already made, for such expenditures to be accepted by UNIDO.

387. For retroactive situations above €40,000, the Procurement Services Division shall be involved for the review and action as deemed required.

¹⁶ Only legal entities; natural persons shall not be named.

¹⁷ Financial rule 109.1.3 (b) "Certification and approval of obligations and expenditures": "If conditions stipulated in rule 109.2.3, subparagraph (a), have not been followed, the recording of the obligation shall be conditional on the full justification provided by the certifying officer and cleared by the head of division. Such obligations will require the specific approval of the Director, Department of Finance, before recording in the accounts. Further, the responsibility and accountability in connection with entering into commitments on behalf of UNIDO without prior reserving of credits in the accounts will rest with the concerned official."

388. It shall be understood that the acceptance of such expenditures, if approved, must not be taken as the retroactive approval of the actions of the Project Manager/Allotment Holder who committed UNIDO without following standard procedures. Such Project Manager/Allotment Holder remains personally accountable and financially liable for his/her actions.

13. Contract Preparation

13.1 Purchase Order/Contract

389. A purchase order or a contract is a legally binding document between UNIDO and the contractor.

390. A Purchase Order/contract normally contains the following terms and conditions:

- Names and addresses of parties and personnel authorized to act on their behalf;
- Reference to the bidding document, the offer, clarification(s) and amendment(s) issued, etc.;
- Nature of the goods/services/works;
- Quantity(ies);
- Duration of the purchase order/contract, i.e. start and completion dates;
- Performance and/or delivery requirements, i.e. milestone(s), acceptance criteria, etc.;
- Key personnel requirements: Purchase orders/contracts for works and services should specify the functional titles of key personnel, and their input in terms of estimated work-days/ weeks/months;
- Terms of delivery;
- Price and payment terms;
- UNIDO General Conditions of Contract.

391. Written purchase orders/contracts shall preferably be issued for all procurements of goods/services/works; however they shall be mandatory for all commitments above €5,000. Purchase orders/contracts shall be signed by all concerned parties before commencement of performance.

392. When preparing a purchase order or a contract, the following shall be considered:

- Depending on the complexity and the nature of the goods/services/works, the technical specifications, terms of reference etc. shall be attached as an annex or their content may be included directly in the purchase order/contract document.
- If the purchase order/contract involves commitments for future financial years it shall, whenever possible and appropriate, contain a

clause entitling UNIDO to terminate the purchase order/contract if the necessary funds are not available.

- To the extent feasible, the Procurement Official/Authorized Official shall use the UNIDO model purchase order/contract forms, which are downloadable from OpenText.
- Any material deviation from the model forms in regard of any legal matter may require prior clearance by the Office of Legal Affairs.
- Any special requirements and terms and conditions, including but not limited to those based on the outcome of the evaluation, funding partner requirements and risk mitigating measures, shall be taken into consideration in the preparation of the purchase order/contract and reflected therein.

393. It is good practice to formulate relevant terms and conditions of the potential contract when preparing the bidding documents. In complex cases, the Procurement Official may decide, through the Chief, Procurement Services Division, to consult the Office of Legal Affairs.

394. All UNIDO model purchase order, lease agreement and contracts are maintained by the Procurement Services Division.

395. For a step-by-step guidance on creating and approving purchase orders and contracts in the SRM portal, please [click here](#) (for internal use only).

13.1.1 Delivery Terms

396. Purchase orders/contracts for the supply and delivery of goods/equipment shall normally contain delivery terms as defined in the latest version of the International Commercial Terms of the International Chamber of Commerce (INCOTERMS 2020).

397. For further information please refer to section 18.2.

13.1.2 Payment Terms

398. Payments shall be made in accordance with the payment terms specified in the purchase order/contract document.

399. UNIDO's normal payment terms are 30 days upon satisfactory delivery of goods or performance of services/works and acceptance thereof by UNIDO. Progress payments are allowed if so stated in the purchase order/contract.

400. Purchase orders/contracts for the provision of services or works are normally structured in accordance with the milestones/deliverables specified in the terms of reference. Thus, every milestone/deliverable may be associated with a predefined progress payment whose amount and conditions must be proportionate with the complexity and value of the milestone/deliverable to UNIDO. Payments shall normally require proof by the contractor that the relevant deliverable has been provided and shall only be made upon acceptance by UNIDO of any and all deliverables specified in the purchase order/contract.

401. The financial regulations and rules of UNIDO preclude payment by letters of credit.

402. Except for reasons properly documented by the Procurement Official and approval by the Director, Department of Finance, prior to issuance of the Purchase Order/contract, third-party payments shall be prohibited.

13.1.3 Advance Payments

403. Advance payments may be agreed to when prudent commercial practices or the best interest of UNIDO so require (please refer to financial rule 109.5.8).

404. Whenever an advance payment is agreed to, a bank guarantee/insurance or similar should be obtained to the extent possible. Examples of activities that may justify advance payment are mobilization costs, start-up costs, design and manufacturing costs, travel and accommodation bookings, subscription of magazines or service licensing arrangements, and membership fees.

405. For procurement where a guarantee is not deemed necessary, the advance payment shall normally not exceed 20% of the purchase order/contract value. For decentralized cases where more than 20% advance payment is requested, the approval of the Line Manager of the relevant Authorized Official shall be obtained in writing and documented accordingly.

406. For centralized procurement where more than 20% is requested and where a guarantee cannot be obtained, the amount of the advance payment may be set at the discretion of the Procurement Official.

13.1.4 Performance Security

407. In order to ensure that adequate safeguards are in place to protect UNIDO's interest throughout the duration of the contractual agreement, for high value or high risk purchase orders/contracts, the Procurement Official/Authorized Official may request the contractor to provide a performance security in the form of a bank guarantee, bank bond or bank performance guarantee or similar performance security, if such requirement is included in the bidding documents, or agreed upon during the finalization of the purchase order/contract.

408. Decisive factors may be the bidder's financial strength and references and the scope, nature and value of the relevant procurement requirement.

409. To view performance security templates, please [click here](#) (for internal use only).

13.1.5 UNIDO General Conditions of Contract

410. The UNIDO General Conditions of Contract (GCC) shall form an integral part of any and all UNIDO purchase orders/contracts.

411. By signing a purchase order/contract with UNIDO, the contractor agrees to abide by the terms and conditions as specified in the GCC, particularly those

pertaining to the essential terms, which include provisions on source of instructions; conflict of interest/officials not to benefit; forced labor; child labor; mines, bombs and other weapons; prevention of harassment, sexual harassment, sexual exploitation and sexual abuse; terrorism; money laundering; and disclosure of sanctions or temporary suspension. The contractor shall also ensure that these provisions are complied with by its parent entities (if any), subsidiary or affiliated entities (if any), its personnel and sub-contractors. Any breach of any of these provisions shall entitle UNIDO to terminate any contract concluded between the contractor and UNIDO immediately upon notice to the contractor, without any liability for termination charges or any other liability of any kind.

412. Except where provided for in the section Special Conditions of Contract, modifications, alterations, changes, deletions or additions to the UNIDO General Conditions of Contract are not permitted.

413. In exceptional circumstances where modification or changes to the UNIDO GCC are required or where the potential contractor insists on the use of its general terms and conditions, the Procurement Services Division shall be consulted, who dependent on the case may wish to request the advice from the Office of Legal Affairs.

414. To download the UNIDO GCC, please [click here](#) (for internal use only).

13.1.6 Taxes

415. UNIDO may be able to claim an exemption from or reimbursement of indirect taxes, such as sales tax and VAT, in respect of important purchases for official use. This is generally the case for purchases from Austrian and other European Union contractors. Outside the European Union, however, the possibility of an exemption or reimbursement of indirect taxes will depend on the country's legislation or specific agreements / arrangements with UNIDO or other UN Agencies.

416. If a contractor requests information concerning the tax-free status of UNIDO (for example, as regards VAT exemption), in case of centralized procurement, the Procurement Services Division and, in case of decentralized procurement, the Department of Finance may be contacted to provide a standard letter.

13.2 Finalization, Issuance and Signature of Purchase Orders/Contracts and Lease Agreements

417. When finalizing low value procurements, after approval of the shopping cart by the Authorized Official, a purchase order form is automatically generated by the SRM portal. The generated purchase order/contract document contains the approval ID of the Authorized Official. The Authorized Official may e-mail the purchase order to the contractor for its countersignature.

418. For estimating the threshold of delegated authority of the relevant Authorized Official/Procurement Official, who shall sign the purchase

order/contract, consideration shall be given to the aggregate value of the relevant purchase order/contract over its complete duration¹⁸. If accepted by the contractor, purchase orders/contracts may be digitally signed.

419. UNIDO purchase order/contract shall be signed by the Procurement Official/Authorized Official and thereafter countersigned by the relevant contractor. In case countersigning the form is not common business practice for low value procurements of certain goods/services/works or in certain areas (e.g. buying petrol, supplies, printing cards etc.), the Procurement Official/Authorized Official shall enter the following text in the field 'Approval Note' of the Shopping Cart: "I hereby certify that UNIDO has been verbally or otherwise committed to pay for the indicated goods/services/works."

420. For medium value procurements, upon approval of the purchase order in the SRM portal, the finalized purchase order/contract document shall normally be initialled on all pages and signed by the Procurement Official/Authorized Official, and then sent in a pdf format to the contractor for its countersignature. The countersigned version shall be returned in pdf format via electronic means for uploading in the secured PO folder in OpenText.

421. For high value procurements, upon approval of the purchase order in SRM, the purchase order/contract documents shall be initialled on all pages and signed by the Procurement Official. Two original sets of the documents shall normally be sent to the contractor for its countersignature. Upon receipt of the countersigned version, it shall be uploaded in the secured PO folder in OpenText.

422. Upon approval of the award and signature of the purchase order/contract, a record of compliance with the requirements of the UNIDO policy on exclusion from funding shall be made in the contractor's relevant master data in UNIDO's ERP.

13.3 Types of Purchase Order/Contract Documents

423. The following types of purchase order/contract documents are used by UNIDO for the procurement of goods, services and works.

13.3.1 Purchase Order

424. UNIDO model purchase order templates shall be used for establishing a contractual relationship between UNIDO and a contractor for goods, services or works as well as for call-off/work orders against existing contracts (LTAs).

425. To download UNIDO model purchase order/contract, please [click here](#) (for internal use only).

13.3.2 Contract/Long-Term Agreement (LTA)

426. For details please refer to section 5.2.2.

¹⁸ The threshold shall take into account the aggregate duration of the relevant purchase order/contract including the aggregated estimated cost of any option.

13.3.3 Amendment of Purchase Orders/Contracts

427. An amendment to the purchase order/contract shall be issued where ongoing purchase orders/contracts require a modification or change.

428. An amendment may or may not have an impact on the total value of the purchase order/contract. An amendment shall not be issued after termination or completion of the relevant purchase order/contract.

429. Amendment of purchase orders/contracts can be initiated by the Procurement Official/Authorized Official, the Project Manager/Allotment Holder, where applicable, and/or the contractor. Amendments shall be approved by the Procurement Official/Authorized Official, by taking into account the cumulative commitments entered into under the same purchase order/contract.

430. Any increase in the amount of the purchase order price shall be justified, either on the basis of detailed description of the scope of the additional goods, services or works to be provided which must be directly linked and related to the original scope of the original purchase order/contract, and/or the additional scope of the purchase order/contract can be verified by changes made on the original bill of quantities.

431. A proposed amendment to an existing purchase order/contract may require the review of the Procurement Committee, in which case the submission shall contain relevant description and justifications (please refer to section 12.1).

432. The procedures for signing an amendment shall follow the threshold of delegated procurement authority, taking into consideration the aggregate value of the relevant purchase order/contract and the current amendment. The amendment procedure shall not be used as a means of circumventing applicable thresholds (split procurement).

433. Before amending the purchase order/contract, the Procurement Official/Authorized Official shall consider the following:

- (a) The proposed amendment in view of the requirements and criteria on which the award of the original purchase order/contract was made does not significantly affect the procurement process or the original terms and conditions and scope of services and supplies, thus does not impact the integrity of the procurement process;
- (b) The contractor's performance;
- (c) As a condition of the proposed amendment, where relevant, the contractor agrees to extend or re-issue any performance bank guarantee or similar pursuant to the terms and conditions of the amendment;
- (d) If appropriate, a comparative cost estimate has been undertaken to determine if the price(s) offered by the contractor are still competitive and reasonable in relation to comparable market rate(s).

434. The procurement procedure for amendments in SRM portal shall be the

same as that applied for the original purchase order/contract.

435. To download templates for amendments, please click here (for internal use only).

13.4 Completion of the Purchase Order/Contract

436. Purchase orders/contracts are completed upon satisfactory fulfilment of all contractual obligations by all parties involved.

437. Before considering a purchase order/contract completed, the Procurement Official/Authorized Official shall ensure that:

- Any and all goods/services/works were received and accepted by UNIDO in full compliance with the terms and conditions specified in the purchase order/contract;
- There are no outstanding claims from either party;
- Final invoice has been received and payment released accordingly;
- All relevant documents are uploaded in the secured PO folder in OpenText.

13.5 Termination of a Purchase Order and Contract

438. A purchase order/contract may be terminated by UNIDO under certain circumstances, such as for cause, lack of sufficient funds from the funding partner, or for the breach of the essential terms of the purchase order/contract, in accordance with the terms of the purchase order/contract.

13.5.1 Dispute Resolution

439. In light of UNIDO's privileges and immunities, in particular the immunity from legal process, UNIDO contracts normally provide for arbitration as the formal means of settling disputes. For this reason, UNIDO's General Conditions of Contract refer to UNCITRAL's conciliation and arbitration rules and procedures.

440. In case of a dispute with a contractor, the Procurement Official/Authorized Official in collaboration with the Project Manager/Allotment Holder, where applicable, shall attempt to reach an amicable solution with the contractor.

441. In case the dispute cannot be resolved amicably, and the contractor makes or threatens to make a formal claim against UNIDO (by, for example, referring the matter to its lawyers or invoking the dispute settlement provisions under the purchase order/contract), the Procurement Official/Authorized Official shall immediately follow the steps outlined in section 13.5.2 below.

13.5.2 Claims Management

442. To the extent possible, the following procedures should be followed in regard to any claims for compensation or damages by a contractor.

443. A claim by a contractor should be in writing and should be submitted according to the terms of the purchase order/contract to the relevant Procurement Official/Authorized Official for action.

444. The Procurement Official/Authorized Official should make an assessment, as to whether the claim is in line with the provisions of the purchase order/contract, when applicable in cooperation with the Project Manager/Allotment Holder.

445. If the Procurement Official/Authorized Official considers that the claim is not in line with the purchase order/contract, the Procurement Official/Authorized Official should inform the contractor in writing that the claim has been rejected by UNIDO explaining the reasons thereof. If deemed necessary, the Procurement Official/Authorized Official may through the Chief, Procurement Services Division, seek the advice of Office of Legal Affairs.

446. When requesting legal advice, the Procurement Official/Authorized Official should address a memorandum to the Office of Legal Affairs and include copies of the following documentation:

- (a) the written claim by the contractor and relevant background information, including, if available, the recommendation of the Department of Finance;
- (b) the current purchase order/contract and any annexes and amendments or modifications thereto;
- (c) all correspondence, including e-mails, to or from the contractor concerning the subject matter under dispute, as well as such correspondence as may exist concerning the award, negotiation and conclusion of the purchase order/contract and any amendments or modifications thereto.

447. The accompanying memorandum shall present the written position of the Procurement Official/Authorized Official in respect of the claim, as well as a chronology of events. If the matter is urgent, a deadline for a response from the Office of Legal Affairs should be clearly specified.

448. The Office of Legal Affairs will provide its advice in writing to the Procurement Official/Authorized Official, who will then submit a recommendation on whether to accept or reject the claim or to take other appropriate action (for example, a request for additional information or for a meeting with the claimant) to the Director, Department of Operational Support Services for a final decision. If necessary, the Director may submit the issue to the Managing Director, CMO for advice. The final decision concerning the claim should be communicated in writing to the contractor by the Procurement Official/Authorized Official.

449. As long as a claim is under consideration and no decision has been taken on whether to accept or reject the claim or to take other appropriate action, no official of UNIDO is authorized to disclose any information to the contractor or any third party concerning the position of UNIDO with respect to the claim.

450. Contingent liabilities arising from claims/litigation processes (pending/ongoing or potential) shall be reported to CMO/FIN.

451. To view CMO/FIN Interoffice Memorandum 'Contingent Liabilities', please [click here](#) (for internal use only).

14. Documentation of the Procurement Process

452. All relevant documents related to a procurement process shall be uploaded in the secured PO folder in OpenText.

453. For step-by-step guidance, please [click here](#) (for internal use only).

15. Reporting

454. The SRM portal provides a number of statistical, monitoring and controlling reports that can be used for various management purposes.

455. Such detailed reports can be generated online, as and when required.

456. For step-by-step guidance on how to generate various reports in SRM, please [click here](#) (for internal use only).

16. Management of Purchase Orders/Contracts

16.1 Monitoring and Control of Contractor Performance

457. Purchase orders/contracts are managed by the Procurement Official/Authorized Official in cooperation with the Project Manager/Allotment Holder, where applicable. The management of a purchase order/contract shall, as a minimum, include proactive monitoring of the contractor's performance to ensure compliance with the terms and conditions of the purchase order contract.

16.2 Delivery, Inspections, Goods/Services/Works Receipt

458. The Project Manager/Allotment Holder is responsible for arranging the receipt and inspection of the procured goods/services/works and for their acceptance. In case of rejection, the Project Manager/Allotment Holder, where relevant in consultation with the Procurement Official/Authorized Official, shall decide on the most appropriate action.

459. The Project Manager/Allotment Holder in consultation with the Procurement Official/Authorized Official may decide to use a surveillance or inspection agency to carry out the detailed inspection of the delivered

goods/equipment. A surveillance or inspection agency is an independent third party representing the interest of UNIDO, verifying that the received goods are in accordance with the packing lists, received undamaged and in good condition, quality (or otherwise). The use of such surveillance or inspection agency shall be considered for goods of a sensitive nature, including equipment for decontamination, laboratory, analysis, calibration, computers, and similar high-value goods. The Project Manager/Allotment Holder must make all efforts to arrange for the timely inspection of the delivered goods, services or works.

460. Acceptance shall be documented by a certificate of acceptance (goods/works)/report (service/works), or similar. Certificates of acceptance shall be signed by all relevant stakeholders (UNIDO, the contractor and the project beneficiary as applicable).

461. To download the certificate of acceptance template, please click here (for internal use only).

462. The Project Manager/Allotment Holder shall upload the certificate of acceptance/report or similar and thereby be responsible for the approval of the respective goods/service/works receipt confirmation process in the secured PO folder in OpenText, declaring, in consultation with the Procurement Official where necessary, that the goods/services were received fully in line with the terms and conditions of the purchase order/contract.

463. For detailed information on how to create and approve the receipt of goods/services/works in the SRM portal, please [click here](#) (for internal use only).

16.3 Invoicing and Payment

464. For purposes of payment, the purchase order/contract shall specify the payment and invoicing terms.

465. No payment shall be effected for goods/services/works that have not been accepted, in accordance with section 16.2.

466. In cases where the bank details indicated on the invoice differ from the relevant bank data in the supplier master file in the SRM portal, the Department of Finance shall exercise due diligence before release of payment.

467. For detailed information on invoicing and payment, please click here (for internal use only).

17. Contractor Performance

468. The Procurement Official/Authorized Official and the Project Manager/Allotment Holder shall jointly prepare the contractor performance evaluation.

469. The evaluation shall review the performance of the contractor against criteria, such as:

- (a) Quality of goods/services/works;
- (b) Timely delivery period;
- (c) After-sales service/warranty;
- (d) Accuracy of documentation;
- (e) Responsiveness;
- (f) Capacity;
- (g) Exclusion criteria;
- (h) Eventual deficiencies.

470. Preferably, the contractor performance evaluation shall be carried out before the release of the final payment under a purchase order/contract.

471. Contractors whose performance evaluation is rated not satisfactory, or who have sued or threatened to sue UNIDO without cause, should not be considered in future procurement processes.

472. For detailed information about contractor performance evaluation, please [click here](#) (for internal use only).

18. Logistics

18.1 Packing, Labelling and Shipping Instructions

473. Packing instructions to contractors shall take into consideration the following factors:

- the nature of goods;
- means of shipment;
- climatic conditions during the shipment; and
- the delivery location etc.

474. Packing and shipping instructions shall be included in the purchase order/contract.

475. The contractor shall pack the goods with the appropriate materials and with every care, in accordance with the normal commercial standards of export packing for the type of goods specified in this purchase order/contract. Such packing materials used must be adequate to safeguard the goods while in transit. The contractor shall be responsible for any damage or loss, which are proven to have resulted from faulty or inadequate packing.

476. Contractors shall be instructed to:

- properly pack the goods to withstand rough handling during transportation and that they may be held liable for any/all claims which may arise as a result of improper packing;

- enclose one copy of the contractor's packing list in the consignment, identifying the contents according to the item numbers appearing on the purchase order/contract;
- mark all packages (indelibly) ensuring that marks and numbers of inward consignments tally with the marks and numbers indicated on the airway bill and/or bill of lading;
- send all shipping details to the Procurement Official/Authorized Official by clearly indicating information, such as:
 - Consignee;
 - Destination of the goods/address of the recipient;
 - Purchase order/contract number;
 - Project identification;
 - Case number etc.

18.2 INCOTERMS

477. The INCOTERMS rules or International Commercial terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) that are widely used in International commercial transactions or Procurement processes. A series of three-letter trade terms related to common contractual sales practices, the INCOTERMS rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.

478. For all purchase orders/contracts the INCOTERMS 2020 shall be applied and the appropriate INCOTERMS indicated in the document.

479. The following INCOTERMS are recommended for UNIDO's purchase orders/contracts:

- CIF Cost, Insurance and Freight;
- DAP Delivered At Place;
- DDP Delivered Duty Paid;
- EXW Ex Works;
- FCA Free Carrier.

480. Detailed information regarding the use of INCOTERMS 2020 can be found on the website www.iccwbo.org of the International Chamber of Commerce.

18.3 Transport Insurance

481. All shipments against purchase orders/contracts with a value exceeding USD 500.00 (excluding freight) are normally insured against all risks of physical loss or damage attributable to external causes if reported to UNIDO's standard cargo insurance brokerage firm. The insurance covers transportation of the goods from the point of shipment to the final point of delivery.

482. The Procurement Official/Authorized Official may optionally request the contractor to cover all risks and costs of transportation of the goods to the final point of delivery, by specifying in the bidding documents the relevant

INCOTERMS 2020.

483. All shipments under a purchase order/contract for services and works shall be insured against all risks by the contractor in accordance with the terms and conditions of such purchase order/contract.

484. Consignments may be inspected immediately upon receipt by an official authorized by the Project Manager/Allotment Holder for possible loss or damage. The designated official shall take note of any loss or damage on the delivery receipt before signing it, and file written claims against all carriers immediately.

485. Any damage to or loss of the goods shall be immediately reported in writing by the Project Manager/Allotment Holder to the relevant Procurement Official/Authorized Official, where applicable, who will provide guidance concerning the scope of the documents required for the preparation of the insurance claim and send a preliminary notification of loss and damage to the insurer(s). Upon receipt of the necessary documents from the Project Manager/Allotment Holder, the Procurement Official/Authorized Official, where applicable, shall submit the claim to the insurer(s) for processing.

486. To download the insurance claim form, please [click here](#) (for internal use only).

19. Asset Management and Inventory

487. The General Services and Logistics Division maintains, in line with the regulating documents, inventory records and controls movement and disposal of all recorded fixed assets and special property items, which were procured with TC and non-TC funds.

488. Records of assets are automatically generated upon approval of the relevant shopping cart. In accordance with IPSAS, assets are capitalized upon approval of confirmation of goods receipt by the Project Manager/Allotment Holder.

489. To view information about asset management, please [click here](#) (for internal use only).

19.1 Transfer of Title

490. The title of the TC property should be normally transferred to the project recipient upon completion of the project in accordance with the project document. The title of TC property remains with UNIDO until transfer of title documents have been signed by UNIDO and forwarded to the project recipient. The Project Manager/Allotment Holder shall continue to be responsible and accountable for the TC property concerned, including possible damage to and loss thereof until the transfer of title procedure has been implemented.

491. To view information about Transfer of Title procedures, please [click here](#) (for internal use only).

19.2 Write-Off or Disposal of Property

492. Write-off or disposal of property which is either surplus to the needs of UNIDO or unserviceable due to obsolescence, normal wear and tear, or loss shall be processed in line with the provisions of financial rule 109.1.10, the UNIDO Property Survey Board and the Property Management Manual.

493. To view the Terms of Reference of the Property Survey Board please [click here](#) (for internal use only).

20. Sustainable Procurement

494. Sustainable Procurement is defined as procurement that integrates requirements, specifications and criteria that are compatible with and in favour of the protection of the environment, social progress and in support of sustainable economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.

495. Through sustainable procurement, organizations use their buying power to give a signal to the market in favour of sustainability and base their choice of goods and services on:

- economic considerations: best value for money, price, life cycle costs, quality, availability, functionality;
- environmental aspects, i.e. green procurement: the impact on the environment that the product and/or service has over its whole life-cycle, from cradle to grave; and/or
- social aspects: effect of purchasing decisions on issues such as poverty eradication, international equity in the distribution of resources, labour conditions, human rights.

496. Sustainability aspects should be given due consideration when undertaking procurement processes, in compliance with UNIDO's procurement principles, in particular fair, open and non-discriminatory competition. Accordingly, the Procurement Official/Authorized Official and the Project Manager/Allotment Holder are advised to identify economic, environmental and social impacts of planned procurement actions throughout the procurement process since its early planning stage.

497. To download documents on sustainable procurement, please click here (for internal use only).

20.1 Sustainable Procurement Requirements Definition

498. When defining the requirements, the Project Manager/Allotment Holder is advised to include sustainability considerations while guaranteeing market access to bidders from economies in transition and developing countries, thereby ensuring effective competition.

499. The Project Manager/Allotment Holder in cooperation with the Procurement Official is encouraged to use resources and techniques aimed at identifying sustainable products or services and defining their specifications, such as:

- Refer to UNEP Sustainable Procurement Product Sheets with “basic” and “advanced” sustainability criteria;
- Use eco-labels and social labels, which address single issues or multiple criteria as part of the technical specifications;
- Make reference to international standards such as the International Standards Organization (ISO) related to quality, environmental and social performance;
- Specify sustainable material content, production conditions and process methods, minimum lifetime of procured goods as well as other requirements such as packaging, disposal, etc.

20.2 Sustainable Procurement Planning

500. To the extent possible, the Project Manager/Allotment Holder shall inform about planned sustainable procurement processes to allow sufficient time for conducting a sustainability risk assessment, market research of available sustainable products/solutions and environmental/sustainability conscious suppliers’ capability analysis, in cooperation with the Procurement Official. At the planning stage, it is also advisable to define a title of the procurement notice that communicates the sustainability emphasis on the planned transaction.

20.3 Evaluation

20.3.1 Sustainable Qualification Requirements and Technical Evaluation Criteria

501. When developing qualification requirements and evaluation criteria in the bidding documents, the Project Manager/Allotment Holder and/or the Procurement Official/Authorized Official are encouraged to develop criteria, which can assess the sustainability performance of bidders and/or of the offered products, services and works.

502. Sustainability-related qualification requirements may refer to previous relevant experience, environmental management systems, adherence to agreements such as the UN Global Compact, bidders’ corporate social responsibility, etc.

503. The Project Manager/Allotment Holder and/or the Procurement Official/Authorized Official are encouraged to develop sustainability criteria,

which may be mandatory (i.e. pass/fail criteria) and/or desirable, allowing the consideration of alternative sustainable solutions. In a weighted scoring system, desirable criteria can be assigned extra points.

20.3.2 Sustainable Commercial Evaluation Criteria

504. The Project Manager/Allotment Holder and/or the Procurement Official/Authorized Official may consider commercial evaluation criteria, which take into account sustainability aspects, such as life-cycle-costs including transportation costs, installation costs, maintenance cost, recycling/disposal costs, CO₂ emission-equivalent costs.

20.4 Sustainability-related Contract Clauses and Contract Management

505. UNIDO purchase orders/contracts may include sustainability related clauses. Such clauses shall be realistic and may refer to a wide range of areas, such as delivery, transport, packaging, etc. conditions as well as related Key Performance Indicators (KPIs). Such clauses could also refer to penalties in case of non-compliance with sustainability specifications and requirements.

506. The above may apply to contractors as well as their sub-contractors, thus making the supply chain more sustainable.

21 Risk Management

507. Procurement risk assessment and risk management are an integral part of the strategic approach to procurement. UNIDO needs to anticipate, assess, monitor and manage risks associated with the conduct of its procurement activities.

508. Risk management includes the following steps:

- Risk identification;
- Risk assessment;
- Risk prioritization;
- Risk mitigation strategy;
- Risk monitoring and reporting.

509. Risk identification and assessment should be considered an integral part of those procurement processes that pose risk to the Organization. They should result in the preparation of a risk register. This exercise is particularly important in the case of high value, highly complex procurement processes, as it helps to identify properly and address any risk and liability associated with the procurement action(s) involved.

510. The Procurement Services Division facilitates risk assessment by collaborating with the Project Manager/Allotment Holder to complete the risk register before the bidding documents are issued.

511. For more detailed procedures on how to set up and administer risk registers, please [click here](#) (for internal use only).

22. Gender-Responsive Procurement

512. UNIDO endorses gender-responsive procurement as a critical part of the solution for gender equality and women's empowerment.

513. Gender-responsive procurement is the selection of goods, services and works that take into account, to the extent possible, their impact on gender equality and women's empowerment. The Procurement Services Division endeavours to continually integrate gender-responsive procurement aspects and approaches in the Organization's procurement actions with a view to align procurement processes with the gender-related policies of the Organization.

514. Women entrepreneurs are a growing economic force. Business and enterprises with full or partial female ownership represent a significant share of employment generation and economic growth potential. Governments, international organizations and the private sector recognize that empowering women and women-owned businesses is a catalyst for achieving gender equality and internationally agreed goals and commitments, including the Sustainable Development Goals (SDGs). Gender-responsive procurement provisions should be incorporated in bidding documents to the extent possible to foster positive gender equality outcomes and urge contractors to develop and offer goods/works/services that are in line with the gender equality objectives.

515. For additional information and guidelines on gender-responsive procurement, please [click here](#) (for internal use only).

23 Irregularities and Exclusion from Funding

23.1 Purpose and Scope of the Chapter

516. This chapter summarizes the procedures related to the prevention, detection, reporting and management of irregularities and the recovery of funds unduly paid. This chapter also summarizes the procedures under the UNIDO Policy on Exclusion from Funding (DGB/2021/15) pursuant to which bidders and contractors, including affiliates, may be excluded from access to UNIDO funding under certain circumstances.

23.2 Irregularities

23.2.1 Prevention

517. An irregularity for purposes of this manual is defined as any act or omission by the contractor that violates, or is not in conformity with, a

requirement, duty or condition under the respective purchase order/contract. If it is the result of a wilful or reckless action, the irregularity may also rise to the level of misconduct, as defined in the UNIDO Investigation Policy (DGB/2021/13).¹⁹

518. Irregularities may occur at any stage of the procurement process and during implementation of the purchase order/contract. The prevention of irregularities is achieved through the effective operation of the internal control system and include measures such as:

- Approval of internal rules and procedures preventing irregularities;
- Application of the four eyes principle;
- Regular briefings on fraud awareness, organized by the Office of the Managing Director of the Directorate of Corporate Management and Operations;
- Informing bidders and contractors on corrective actions that might be undertaken by UNIDO in cases where irregularities are detected in the course of the implementation of a purchase order/contract.

23.2.2 Detection of Irregularities

519. When reviewing invoices submitted by contractors, UNIDO takes into account each case of established irregularity and, if necessary, takes corrective actions to improve the control environment.

520. Allegations of misconduct should be submitted via the UNIDO hotline page <https://www.unido.org/resources-evaluation-and-internal-oversight/reporting-wrongdoing-or-environmental-and-social-concerns>.

23.2.3 Corrective Actions and Their Follow-Up

521. Upon establishing the existence of an irregularity, the relevant Procurement Official/Authorized Official is obliged to take the following actions:

1. to notify in writing the relevant officials in order to ensure that corrective actions, including but not limited to, repayment of unduly paid and overpaid amounts, are undertaken and to ensure monitoring of the implementation of the corrective actions;
2. to notify in writing ODG/EIO, in case of allegations of misconduct or fraudulent practices committed by UNIDO personnel for further action.

23.2.4 Recovery of Amounts Unduly Paid

522. After establishment of an amount unduly paid or overpaid, the amount is communicated to the Chief, Procurement Services Division, who sends to the contractor an invitation in writing for voluntary refund. The period for voluntary refund is 14 days from the date of receipt of invitation by the contractor.

¹⁹ Misconduct is defined as any action taken in violation of a standard of conduct, a binding legal, moral or ethical norm or duty, or a regulation, rule or policy, which is applicable in the Organization. Misconduct encompasses all breaches of conduct and all forms of wrongdoing, including, without limitation: fraud, misrepresentation and all forms of deceitful or dishonest practices; all forms of financial irregularities, abuse or misuse of property or funds; all corrupt, coercive, collusive or obstructive practices; harassment and abuse of position in all their forms; sexual exploitation and abuse; retaliation; and mismanagement and waste of resources.

523. UNIDO is obliged to ensure the recovery of all amounts in regard to detected irregularities.

524. In case the contractor does not reimburse the amounts due within the period for voluntary refund, UNIDO has the right to offset the amounts due from subsequent payments under the purchase order/contract or from other open purchase orders/contracts with the same contractor.

525. If an irregularity is suspected to fall under one of the practices/activities under UNIDO's exclusion criteria, the procedures established in section 23.3 below shall apply.

23.3 Exclusion Criteria

23.3.1 Assessment of the Exclusion Criteria

526. UNIDO shall exclude from access to funding any prospective or current contractor, including its affiliates, that has been the subject of a final judgment or of a final administrative decision in respect of one or more of the grounds defined as exclusion criteria pursuant to the UNIDO Policy on Exclusion from Funding (DGB/2021/15).

527 As part of the bidding documents or upon signature of a purchase order/contract, bidders and contractors shall be required to sign a statement of confirmation to confirm their eligibility to receive UNIDO funding. The statement of confirmation is a declaration by which the bidder or contractor accepts to abide by the terms of the UNIDO Policy on Exclusion from Funding, and represents and warrants that it is not and has not been the subject of any of the exclusion criteria as stated in said policy.

528. By signing the statement of confirmation, the contractor also covenants and agrees to notify UNIDO promptly in the event that the contractor becomes subject to any of the exclusion criteria as stated in UNIDO's Policy on Exclusion from Funding during the term of the purchase order/contract. To download the statement of confirmation, please [click here](#) (for internal use only).

529. If the bidder or contractor will not sign the statement of confirmation, or a notification pursuant to the statement of confirmation is received by UNIDO, the Procurement Official/Authorized Official shall require the bidder or contractor to submit, within ten (10) business days, a statement and accompanying documentary evidence covering the following:

- a) A summary explaining the applicable grounds for exclusion from funding;
- b) Whether any steps have been or will be taken to correct, mitigate or remediate the grounds for exclusion from funding, including details and expected completion date;
- c) Justification for receiving UNIDO funding.

530. The Procurement Official/Authorized Official shall review the statement of confirmation and/or the statement with the accompanying documentary

evidence as referenced in the previous paragraph, and take the decision whether to exclude the bidder or contractor from funding. To facilitate the review, the Procurement Official/Authorized Official may request additional supporting documents, as deemed necessary. The decision shall give due regard to all relevant circumstances, including: the principle of proportionality; whether corrective or remedial action has been taken or is feasible; the existence of a prior similar exclusion determination; and the best interests of UNIDO as well as the concerned project or programme. A decision to exclude from funding is hereinafter referred to as the “Exclusion Determination”.

23.3.2 Exclusion Determination

531. The Exclusion Determination shall specify the grounds for, effective date, and duration of the exclusion, as well as the conditions for lifting the exclusion from funding, if any. The Procurement Official/Authorized Official shall communicate the Exclusion Determination to the bidder or contractor without undue delay.

532. The Procurement Official/Authorized Official may suspend, terminate or take such other action in respect of a purchase order/contract where a party thereto is or may be found to be the subject of an Exclusion Determination.

533. Unless the Procurement Official/Authorized Official determines otherwise, the Exclusion Determination shall be without appeal. The Exclusion Determination shall not be lifted until corrective or remedial action has been taken and substantiated to the satisfaction of the Procurement Official/Authorized Official or the duration of the exclusion has lapsed.

534. The Exclusion Determination shall be duly recorded in UNIDO’s database (e.g. supplier master data), archived and made public or shared upon request, in accordance with UNIDO’s document retention and other policies, such as information disclosure, personal data protection, etc.

535. If an exclusion criterion involves allegations of misconduct or fraudulent practices committed by UNIDO personnel, the case shall be referred to ODG/EIO for further investigation.

Explanation of the Terms Used in the Procurement Manual

Approver

User who approves a document in SRM.

Arbitration

Method to resolve a purchase order/contract dispute by submission to one or more arbitrators for a binding judgement; arbitration is normally used to avoid litigation, i.e. court procedures.

Authorized Official

A UNIDO staff member authorized to procure goods, works and services in accordance with financial rule 109.5.2 (a).

Award

Acceptance of an offer with the intention of contracting.

Bid

Formal response from a bidder usually as a response to a RFX event/bidding process.

Bidder

Company or organization submitting a bid as a response to a RFX event/bidding process.

Bid Protest

A complaint against the methods employed or decisions made by UNIDO in the administration of a process leading to the award of a purchase order/contract.

Bidding Document

The formal invitation to potential bidders, which consist of the documentation necessary to fully describe the requirements of the procurement process, as well as the procedures for submission of offers.

Bill of Lading

Document under which cargo is carried on board vessels; may be defined as a receipt for goods, signed by a duly authorised person on behalf of the ship-owner. It constitutes a document of title to the goods specified therein.

Business Partner

In the context of SRM: bidder, contractor, vendor, supplier.

Call-Off Order

Purchase order against an established LTA.

Contract/Purchase Order

Legally binding document/agreement between UNIDO and a contractor, irrespective of the nature of the product, work or service being procured. The term “contract” also includes Long-Term Agreement.

Company

Business entity or organization or institution providing goods, works and services to UNIDO. The term can also be referred to invitees, bidders, proposers, vendors.

Contractor

A contractor is also referred to as vendor or supplier.

Creator

User who initiates a document in SRM.

Deliverables

Goods, works or services delivered or to be delivered to UNIDO pursuant to the terms and conditions of a purchase order/contract.

Evaluation Group

Assesses the ability of bidders to meet UNIDO’s stated requirements and criteria and provide a basis for determining the relative merits of competing bids and proposals.

Financial Rules

The financial rules govern the administration of all financial activities and transactions of the Organization, except as may otherwise be provided by the General Conference, or expressly and in writing exempted therefrom by the Director General. The Managing Director, CMO shall be generally responsible for the administration of the present financial rules on behalf of the Director General. The authority of the Managing Director, CMO may be delegated in writing under the present financial rules, as appropriate, to other officials, provided that the prior written approval of the Director General is obtained.

ISA holder

A term as defined in UNIDO/AI/2018/03, as amended from time to time.

Liability

Condition of being actually or potentially subject to an obligation, a condition of being responsible for a possible or actual loss, penalty, evil, expense, or burden.

Line Manager

Next direct supervisor in the UNIDO organigram.

Liquidated Damages

A provision contained in the purchase order/contract used when the time of delivery or performance is of such importance to the Procurement Official/Authorized Official that UNIDO may expect to suffer damages for non-performance. Under such provision the contractor may be required to pay damages e.g. for each week of delayed delivery.

Litigation

A law suit, legal action, including all proceedings therein. UNIDO is immune from legal action in courts. Disputes with contractors are resolved either by negotiation, conciliation or arbitration (please refer to the UNIDO GCC).

Offer

A quotation, bid or proposal submitted by a bidder.

Performance Security

A written instrument normally issued by a bank or an insurance company in favour of UNIDO to assure fulfilment of the contractor's obligations.

Procurement Official

Staff of the Department of Operational Support Services with delegated procurement authority. The term may, where the context so requires, also mean the Authorized Official.

Project Purchaser

SRM role for Decentralized Procurement.

Project Team

Project Team consists of the Project Manager/Allotment Holder, his/her Assistant(s) and other individuals having authorized access to SRM.

Remedy

The means by which a contractual right or obligation is enforced or the violation of such a right is prevented, reduced or compensated.

Substantially Responsive

A valid offer which materially conforms to the requirements, criteria, and specifications contained in the bidding documents.

Segregation of Duties (Four Eyes Principle)

Internal control mechanism used to assure that no single individual or organizational unit is given responsibility for more than one related function.

Staff member

Staff member shall have the meaning as described in UNIDO's Human Resource Management Framework UNIDO/AI/2015/01, as amended from time to time.

Sustainable Procurement

Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the Organization, but also to society and the economy, whilst minimising damage to the environment.

Strategic Purchaser

SRM role for staff members of the Procurement Services Division.

RFx Event

Synonym for all bidding events.

Warranty

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

List of Commonly Used Abbreviations

AH	Allotment Holder
AI	Administrative Instruction
BAFO	Best and Final Offer
BOQ	Bill of Quantity
Call for EOI	Call for Expression of Interest
CTA	Chief Technical Adviser
CC	Cost Center
DG	Director General
DGB	Director General Bulletin
DSA	Daily Subsistence Allowance
ERP	Enterprise Resource Planning
EOI	Expression of Interest
GCC	General Conditions of Contract
HQ	UNIDO Headquarters Vienna
INCOTERMS	International Commercial Terms
ISO	International Organization for Standardization
KMC	Knowledge Management and Collaboration
ITB	Invitation to Bid
IPSAS	International Public Sector Accounting Standards
LTA	Long-Term Agreement
MD	Managing Director
MOSS	UN Security Minimum Operating Security Standards
NPC	National Project Coordinator
MM	Material Management
OSS	Department of Operational Support Services
PC	Procurement Committee
PM	Project Manager
PO	Purchase Order
PPF	Department of Programmes, Partnerships and Field Integration
CMO	Directorate of Corporate Management and Operations
PRO	Procurement Services Division
RFO	Request for Offer
RFP	Request for Proposal
RFI	Request for Information
RFQ	Request for Quotation
SAP	Name of ERP system
SC	Shopping Cart
SOW	Statement of Work
SRM	Supplier Relationship Management
TOR	Terms of Reference
UNCITRAL	United Nations Commission on International Trade Law
UNGM	United Nations Global Market Place
UNSPC	United Nations Standard Products and Services Code
UR	UNIDO Representative
VAT	Value Added Tax
WBS	Work Based Structure



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